

ANNUAL REPORT

OF THE

Indian Merchants' Chamber and Bureau



00133679

FOR THE YEAR

1920-21

(From the 1st October 1920 to the 31st December 1921.)

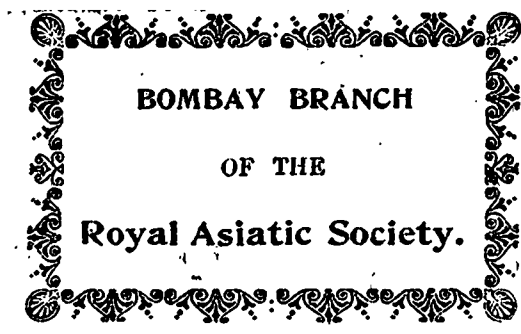
*(Presented to the Annual General Meeting
held on the 14th February 1922.)*

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REPORT OF THE COMMITTEE OF THE INDIAN MERCHANTS' CHAMBER & BUREAU

*For 1920-21 (from September 1920 to December 1921)
presented to the Annual General Meeting held
on the 4th February 1922.*

Your Committee have pleasure in presenting the Fourteenth Annual Report of your Chamber. During the course of the year 63 meetings were held, the work done being of a varied and important nature.

The principal subjects discussed were :—

1. Contribution to the Bombay Development Loan :—

The Hon. Secretaries of the Bombay Development Loan Committee sent an appeal to the Committee of the Chamber requesting them to do all they could to make the loan a success. It was resolved to circulate the appeal by printing it in the monthly Journal of the Chamber and to purchase Rs. 10,000/- worth of the said loan.

2. Position of Indians in East Africa and the Kenya Colony :—

A communique was received from the Government of India, Commerce Department, that an intimation was received from the Governor-General of South Africa that the question of the appointment of a Committee to advise the Repatriation Commissioner was engaging the serious attention of the Union Government and that the Union Government had given assurance that all the officers concerned were asked not to use any compulsion or persuasion in carrying out the repatriation programme. The Committee in reply recommended that Indians should be appointed on the Committee which might be formed for the purpose of advising the Repatriation Commissioner ; it was also suggested that there should be atleast one Indian on the staff of the executive officers.

3. The Postal Strike in Bombay :—

The Committee sent a telegram to the Government of India, Commerce Department, drawing their attention to the numerous hardships

and irregularities which the commercial community generally and particularly the Indian section thereof had to undergo as a result of the continuance of the Postal strike in the city of Bombay. In reply they were informed that the Government had appointed a Committee with a view to enquire into the conditions and the pay of the subordinate Postal staffs in India. It was further stated that the Government of India besides making every effort to deal with the recommendations of the Committee expeditiously accepted those recommendations-practically in full. Under the circumstances while the Government of India greatly regretted the inconveniences to which the commercial community and the general public of Bombay had been put by the strike they were not able to hold out any prospects of their being able to offer further concessions to the Postmen and Telegraphic Peons of the city in order to induce them to return to work. It was also added that the Director-General of Posts & Telegraphs had proceeded to Bombay in order to examine the arrangements made to carry out the Post and Telegraphic services in the city and the Committee might rely on it that all possible measures would be taken by the Post office and the Telegraphic Department as well as by the Government of India to mitigate the inconveniences which the strike had caused to the public of the Bombay city.

4. Embargo laid by the Punjab Government on the imports in that Province of spirits manufactured by the Alembic Chemical Works Co. at Baroda.

In this connection the Committee sent a representation to the Government of India pointing out certain disabilities under which the Alembic Chemical Works Co. at Baroda laboured. In reply the Committee were informed by the Government of India that the Government of the Punjab to whom the Chamber's representation on the subject was forwarded considered that any relaxation of their order would raise far-reaching questions of excise policy from which no new departure seemed desirable in view of the impending introduction of the Reforms Scheme. They had therefore decided that the question should be postponed until it came to be reviewed by the Minister in Charge of Excise and the new Provincial Council. After the inauguration of the Reforms the Committee wrote to the Secretary, Government of the Punjab, Excise Department, Lahore, that as Excise was now a Transferred Subject in the Punjab the Government would be pleased with the advice of the Minister-in-Charge to remove the long-standing grievance of an indigenous concern. It was further stated that it was surely unfair that there

should be restrictions imposed on the Alembic Chemical Works Company, Baroda, when spirituous products from Java, Japan and other foreign countries were allowed free entry on the payment of the usual duty. In reply a letter was received from the Secretary to the Government of the Punjab, Transferred Departments, stating that the matter was still under the consideration of the Government (Ministry of Agriculture). The matter is yet under correspondence.

5. Amendment of the Indian Paper Currency Act, 1920.

The Government of India, Finance Department, in their letter No. 2677-F, dated the 27th Sept. 1920 drew the attention of the Committee to section 14 of the Indian Paper Currency Act and invited suggestions from the Committee both generally and more particularly with respect to the following points :—

- (a) The class of commercial Bills of Exchange which should be accepted for purposes of the issue of notes.
- (b) The recommendation of the Currency Committee that in the first instance the Bills of Exchange which should be accepted for the purposes above stated should be limited to bona-fide commercial bills against goods under export.
- (c) The suggestion made to the Government of India that import Bills might be accepted as cover for the expansion of currency.
- (d) The suggestion contained in para 80 of the Report of the Indian Exchange and Currency Committee that advances to the Imperial Bank in connection with the seasonal issues of currency should not be less than 8 per cent per annum.
- (e) The procedure which the Government of India contemplate to adopt in respect of the operation of these provisions of the Act, namely, that in the event of a demand arising for additional currency the probable course would be for the Government of India to make a loan to the Imperial Bank from currency; such loan should be covered by the commercial Bills of Exchange. It was resolved to send this letter to the Finance Sub-Committee for report. On the recommendations of the Finance Sub-Committee it was

resolved to send a reply to the Government of India embodying in the main the following views and suggestions :—

- (a) As regards the class of Bills the committee understand that in the Federal Reserve Act of America the discount by a Federal Reserve Bank is limited to bills arising out of actual commercial transactions. The Committee are of opinion that the bills so discounted in India should have a maturity of not more than 90 days at the time of discount exactly as in America.
- (b) That the Committee are unable to agree with the recommendation of the Currency Committee that such bills should in the first instance be only Bills against goods under export. Nor do they think that this emergency currency can be rightly used for import bills.
- (c) As regards the need for Emergency Currency for internal Bills the Committee are of opinion that the need will be most marked in seasons when the normal movement of our export is checked for causes beyond our control and produce requires finance pending a recovery of the foreign trade.
- (d) As regards the rate, the Committee agree with the view that it is advisable to restrict the issue of the Emergency Currency to cases of approved and acute stringency.
- (e) As regards the general procedure to be adopted the Committee approve of the issue of the Emergency Currency through the Imperial Bank in the form of a Loan to banks as proposed provided it is not used by the latter banks as an addition to their own resources for the development of their own business.

6. The Indian Railway Committee.

A letter was received from the Railway Department, Government of India, announcing the appointment of a Railway Committee and enclosing its terms of reference. A Sub-Committee was appointed to consider these terms of reference. Later on the Committee were sent copies of questions prepared for the guidance of witnesses with a request to appoint one or two representatives on behalf of the Chamber to give evidence before the Railway Committee. The following gentlemen represented the Chamber for purposes of oral evidence before the Railway Committee;—

Mr. Lalji Naranji ; (Chairman) Sir Vithaldas D. Thakersay ; Mr. J. B. Petit assisted by Mr. B. F. Madan and the Secretary. The Committee also sent their written views which were published in the press.

7. The segregation of Indians in East Africa.

A telegram was received from the Indian Association, Mombasa, protesting against the racial segregation adopted in East Africa and requesting the Committee to send their protest to the Government of India in the matter. The Committee accordingly sent a telegram to the Commerce Department, Government of India, Simla requesting the Government to be pleased to make urgent enquiries in the matter and to stop immediately the East African Government from perpetrating injustice upon Indian settlers. The Government in reply informed the Committee that they had communicated the substance of the telegram of the Indian Association, Mombasa, to the Secretary of State for India. In this connection a few representatives of the Committee of this Chamber and of the Colonial Merchants' Association had also an interview with Mr. Corbett of the Government of India. He assured the Committee that the questions affecting Indians in East Africa was under the serious consideration of the Government of India.

8. Representation of the Chamber on the Committee to be appointed by the Government of Bombay to draft a comprehensive scheme of Technical and Industrial Education in the Bombay Presidency :—

In this connection a letter was received from the Education Department, Government of Bombay, informing the Committee that the Governor-in Council had decided to appoint a Committee to draft a comprehensive scheme for Technical and Industrial Education in the Bombay Presidency consisting of one representative of each of the following bodies including this Chamber, *i.e.*, The Bombay University, The Indian Merchants Chamber & Bureau, The Bombay Mill-owners' Association, The G. I. P. Ry., and The B. B. & C. I. Ry. The Committee were requested to communicate to the Government as soon as possible the name of the person whom they wished to nominate as their representative on the Committee. The Committee accordingly nominated Mr. C. V. Mehta, M. L. C., as their representative on the Committee.

9. The Coal situation :—

The attention of the Committee was drawn to the coal crisis all over India. The Committee accordingly sent a representation to the Depart-

ment of Commerce, Government of India Simla, stating that the Committee would like to put before the Government the following few suggestions in order to mitigate the hardships caused by the present coal crisis:—[a] that a Committee should be appointed in Bombay as the certifying authority consisting of one representative of each of the following Associations, namely, the Bombay Chamber of Commerce, the Indian Merchants' Chamber & Bureau, and the Bombay Mill-owners' Association;—[b] that all the wagons from the collieries must be dispatched to Bombay, Ahmedabad, or any other consuming station consigned to consumers only and not to any private individual and merchant or under public supply;—[c] that the Committee should be authorised to keep an emergency stock at Bombay and Ahmedabad to supply mills which may run short of coal due to some accidents as also to supply the petty consumers and should be empowered to fix from time to time the selling rates; [d] that the Committee should deal with malpractices by any consumer or merchant; [e] that public supply of wagons must be stopped altogether to all Stations in the Presidency

With regard to the Bunker coal the Committee drew the attention of the Government to the heavy export of Bunker coal to foreign ports. Lastly, the Committee requested the Government to be informed as to what improvements if any had taken place in the position of the supply of wagons as compared with the position which existed in the year 1918 and 1919. The Government in reply informed the Committee that the points raised by them in the representation would be considered and a further reply would be sent. In the meantime, however, they informed the Committee that the export of coal was prohibited by the Government of India except under license with effect from the 24th July 1920; the only ports to which Indian coal was allowed to be exported were certain important bunkering ports in the vicinity of India, namely, Colombo Singapore, Aden and Sabang.

10. Rate of telegrams between Aden and the United Kingdom :—

The attention of the Committee was drawn by a member to the discrepancy that existed in the rate of telegrams between Aden and the United Kingdom. As compared with the rate of telegram between Bombay and the United Kingdom (Re. 1.) the rate between Aden and the United Kingdom (Rs. 1-4) which was a smaller distance appeared to be unreasonable. In reply to the letter sent by the Committee to the Posts and Telegraphs Department, Government of India, they were informed that the letter was sent to Eastern Telegraph

Co., Ltd. for disposal. A letter was received from the Eastern Telegraph Co. Ltd. informing the Chamber that owing to the small traffic with Aden and the high cost of working the station, the Company did not see their way to place Aden on a level with Indian tariff. It was also stated that the company were quite aware of the discrepancy in the charges and that the fact would not be lost sight of if opportunity arose at any future time. It was resolved to send a copy of this letter to the member from whom the correspondence originated.

11. Rate of duty on Bleaching Powder and Knitting Needles :—

Letters were received from Messrs. Surji Valabhdas and the Gujarat Hosiery Factory protesting against the mode of levying duties adopted by the Customs Department in respect of the articles noted above.

In both these matters the Secretary had an interview with the Collector of Customs who explained that his department was working in the matter under the law as it stood and that he had no discretion. It was resolved to inform the parties accordingly with a request to let the Committee know if they wanted them to proceed further in the matter.

12. Interview with Mr. Lindsay, I. C. S., Director General of Commercial Intelligence, Calcutta :—

A meeting of the Committee was held on Tuesday the 16th November to meet Mr. Lindsay in connection with the forthcoming revision of import tariffs. All the items in the Tariff Schedule were then considered one by one and suggestions made by the Committee were noted by Mr. Lindsay with a view to consider them at the time of fixing the final tariffs at Calcutta.

13. Relaxation of duty on Saturday to the postal employees in Bombay :—

The Post Master-General, Bombay asked the opinion of the Committee regarding a proposal to give to the Postal employees in Bombay the relaxation of duties as was given to other Departments of Government, Banks, firms and other institutions on Saturday by closing certain business of the post office at 2 P. M. and have no delivery of money orders, registered and insured letters and parcels and V. P. Ps. after that hour. The Committee approved of the proposal in general but suggested that important post offices in Bombay like Mandvi, Kalbadevi, Mumbadevi and Girgoan should be kept open as on other week days in order that there

might not be any inconvenience to the commercial community. The Post Master General in reply said if the suggestions of the Committee were acted upon, a large number of the staff would be denied the relaxation proposed and it would cause some heart-burning among those who did not get the concession. In reply the Committee suggested that a sufficient extra number of men should be employed by the Postal Department so as to make it possible for them to allow half a day's additional holiday for the whole staff. It was also suggested as an alternative that extra payment might be given to those who worked overtime on Saturdays, in order that there might not be any feeling of heart-burning as feared by the Department.

14. Weekly day of rest to commercial employees in Bombay :—

A letter was received from the Deputy Secretary to the Government of Bombay enclosing a copy of a letter from the Government of India, Board of Industries and Munitions, and requesting the Committee to inform the Government as to to what extent a weekly day of rest was given to commercial employees in Bombay. The Committee were also asked their opinion on the desirability of introducing legislation in this respect.

The Committee in reply said that a statutory provision was not desirable for the following among other reasons :—

- (1) The social and religious habits of the people were such that holidays on certain occasions were indispensable. If any curtailment in that number was resorted to to secure the weekly day of rest for the commercial employees it would not be welcomed by them as a happy change.
- (2) If a weekly day of rest was given over and above the holidays which were at present being enjoyed by the commercial employees it would mean too liberal an allotment of holidays.
- (3) In almost all the Indian Commercial firms it was a practice to allow all commercial employees to go turn by turn, on leave, for a period of three to four weeks with full pay.
- (4) Even if legislation were enacted upon the point it would be inoperative as most of the commercial employees were boarded and lodged by their employers whose dwelling houses were used both for residential and business purposes.

15. British Dyes' Protection Bill :—

The attention of the Committee was drawn to the Bill passed by the British Parliament to protect the British Dye-stuff Industries and empower the President of the Board of Trade to exclude foreign dye-stuffs unless licensed. With a view to know the position of India in relation to this Act passed by the British Parliament the Committee wrote to the Secretary to the Government of India, Department of Commerce, requesting him to inform them if the Act in question was applicable to India or if it was proposed to apply it to this country. The Government replied to both of the questions of the Committee in the negative.

16. Hardships of the Bombay Oil Merchants :—

The Secretary, the Bombay Oil Merchants' Association, in a letter drew the attention of the Committee to the hardships of the Bombay Oil Merchants at the hands of the Municipal Commissioner, Bombay. In the letter it was stated that the oil merchants used to be prosecuted by the Municipal Commissioner at one time for keeping vegetable oils in excess of license and at another time for keeping the same without a license. The Committee after careful consideration of the letter wrote to the Municipal Commissioner, protesting against the restrictions imposed upon oil trade by him from time to time. The Committee brought to the attention of the Municipal Commissioner the fact that the oils in which merchants traded, were all vegetable oils which were neither inflammable nor likely to damage life and property. They also pointed out the quite satisfactory character of the report of the Chemical Analyser to the Government of Bombay on this point. The Committee are awaiting a reply.

17. Interview with the Hon'ble Mr. C. A. Innes, Secretary, Government of India, Commerce Department :—

A meeting of the Committee was held on Friday the 10th December to discuss with the Hon'ble Mr. C. A. Innes, C.I.E., I.C.S., the present coal situation. The following questions were discussed :—

- (a) *Increase in railway freight for the carriage of coal.* In this connection the Committee protested that as a similar increase was made last year the railways were not justified in making another increase after so short an interval. Mr. Innes in reply said, that as the existing rates were unremunerative the railways were forced to reconsider the question of revision rates.

- (b) *Shortage of wagons.* In reply to the Committee's protest regarding the shortage of wagons Mr. Innes said that although every effort was made by the railways to meet the growing demand of the commercial public there was at present a shortage of 500 wagons.
- (c) *Export of coal.* With regard to this, Mr. Innes asked the Committee whether they agreed with the Bengal Chamber of Commerce that the export of coal to foreign ports should be prohibited. The Committee replied in the affirmative.
- (d) *Advisory Committee:* The Committee wanted to know the constitution of the Advisory Committee and all other details relating thereto. They also suggested that Calcutta element ought not to preponderate. Mr. Innes assured the Committee that the Bombay element would be adequately represented on the Committee.
- (e) *Extra Supply System:* With regard to this Mr. Innes said that it was under contemplation of the Government of India. After the President had thanked Mr. Innes for the kind interview accorded by him to the Committee, the meeting dispersed.

18. Interview with the Hon'ble Mr. A.C. Chatterjee of the Board of Industries & Munitions.

A meeting of the Committee was held on Friday the 12th December to discuss with the Hon'ble Mr. Chatterjee the following questions:

(1) *Khapoli tail water concessions* :—

The Committee drew the attention of Mr. Chatterjee to the previous correspondence that had taken place on the subject between them and the Government of India and the Local Government and in addition brought to his notice the following points which they considered to be of very great importance :—

- (a) No private Company should have unlimited powers over water like those proposed to be enjoyed by Messrs. Graham & Co.
- (b) Even if it was desirable to give such powers to any private Company it should have its powers limited like other public utility companies by making it obligatory on it to, firstly,

charge the same price to all applicants for the same kind of supply, and secondly, grant applications according to priority. [The Government of India, Department of Industries in their Letter No. 1-44 dated the 2nd July 1921 have informed the committee that the question has been settled by the surrender by the Khapoli Land Company Limited of the concession which was granted them by the Government of Bombay.]

- (2) *Report of the Chemical Services Committee* :—The Committee drew the attention of the Hon'ble Mr. Chatterjee to the letter written by the Committee to the Government of India and pointed out that the recommendation for an all-India Chemical Service was strongly opposed by so great and distinguished an authority as Sir P. C. Ray. In view also of the fact that such evidence as might have been taken on the point had not been published it would be difficult to judge whether such a service was essential and beneficial for the industrial interests of the country. Mr. Chatterjee said that with due deference to the dissenting minute of Sir P. C. Ray, he would like to say that there was a mass of evidence in favour of the institution of a Chemical Service.

- (3) *Weekly day of rest* :—On this point, Mr. Chatterjee requested the Committee to forward their views to the Local Government with the least possible delay as the Government of India had to give a brief to their representatives at Geneva. (For the views of the Committee on this question, vide, item No. 15.) Mr. Chatterjee made a note of all the suggestions put forward by the Committee. After the President had thanked Mr. Chatterjee the meeting dispersed.

19. Transmission of pearls and diamonds by Foreign Letter Post to the United States of America.

The attention of the Committee was drawn to Clause 197 of the Indian Post Office Guide which prohibited the transmission by the Foreign Letter Post of articles liable to Customs duty. The transmission by Foreign Letter Post of pearls, diamonds and other precious stones to France and England was allowed by the Indian Post Office presumably because there was no import Customs duty on those articles in those

countries. The transmission by the Foreign Letter Post of the above articles to the United States was prohibited presumably because those articles were liable to Customs duty in the United States of America. The United States Government however had recently allowed the importation of pearls and diamonds by letter post provided the package on the outer cover was plainly marked "Dutiable, subject to examination by the United States Customs officers". The Committee accordingly wrote to the Post-Master-General enquiring whether there was any objection to the export of pearls and diamonds to the United States provided the above instructions relating to the marking of packages were followed.

After a lengthy correspondence on the subject a final reply was received from the Presidency Postmaster, Bombay, that he had received orders from the Director-General of Posts and Telegraphs, India, through the Postmaster-General, Bombay, that precious stones including pearls and diamonds might be accepted for despatch by Letter Post to the United States of America as a tentative measure. Packets containing these articles were therefore declared as acceptable at the Bombay General Post Office with immediate effect provided the words, "Dutiable, subject to examination by United States Customs Officers" were subscribed in the corner of the packets.

20. Delay on the part of the Bombay Telephone Company in granting telephone connections to the Public.

The attention of the Committee was drawn to the long period which elapsed before an applicant for a telephone connection got it. The Committee also received several complaints to the effect that connections were given not strictly in order of the applications received. The Committee accordingly wrote to the Secretary, the Bombay Telephone Company, to bring to the notice of the Board the necessity for making enquires into the matter. The Committee requested the Telephone Co. to furnish them with a statement as to how the applications were disposed of and mentioning whether the principle of priority alone was observed or whether any other considerations were taken into account in disposing of those applications. The Committee also drew the attention of the Board to the irregular service of the Telephone Co. A very long time was taken by the operators in giving the required telephone number and in a large number of cases the usual reply one got from a telephone operator was either "engaged" or "no reply". The Committee in conclusion brought these and similar complaints to the notice of the Board

and requested them to be kind enough to institute thorough enquiries and try to make the telephone service efficient and satisfactory as it should be in a commercial city like Bombay.

In reply a letter was received from the Company informing the Committee that they were making every effort to instal new telephones as far as circumstances would permit and that it was impossible to make the connections with greater rapidity. Notwithstanding the difficulties of labour the Company had been able to make 1246 new connections during the year 1920 and the number greatly exceeded the number of connections made in any one previous year during the Company's existence. Materials for additional 3000 lines had been ordered, the delivery of which had been promised by October next. With regard to the Committee's enquiry as to the method in which the applications were being disposed of, the Company stated that as far as it was possible all the applications were dealt with in the order received. The Board gave preference, however, in the following cases :—(1) Works of National importance, (2) Doctors and Nurses, (3) Public Institutions and (4) Public Utility Companies. With reference to the remarks made by the Committee regarding "service" in general, the Company stated that the question was strongly investigated, the two main points of complaints being (1) lack of prompt attention given to calls, and (2) frequent interruptions during conversations. With regard to the first, it was pointed out that the calling rate *i. e.* the total number of calls made daily in Bombay was one of the heaviest in the world. With regard to the second point namely, frequent interruption during conversations, it was stated that it might be due to carelessness on the part of operators but in some measures also due to the fact that the Company's system was in a state of transition owing to the introduction of double supervisory signals. In conclusion, the Company stated that nothing was lacking on their part in their efforts to cope with the demands of the public as well as to secure an efficient and satisfactory service. The committee were also assured that it was always the Company's principle to give minimum cause for complaints of any nature by resorting to all possible means at their disposal.

21. Resignation of the Hon. Mr. C. V. Mehta from the membership of the Committee of the Chamber.

In view of his appointment as a Minister to the Government of Bombay a letter was received from the Hon. Mr. C. V. Mehta resigning his seat on the Committee of the Chamber. He also resigned from the Advisory Committee of the Director of Industries and the Committee of

Technical Instruction where he was elected by the Chamber as their representative. The Committee while accepting the resignation greatly regretted at the severance, though temporary it was, of his active connection with the Committee. The Committee also acknowledged the great and valuable services rendered by him as a member of the Committee, as Vice-Chairman, and Chairman. The Committee expressed the hope that in his new position of trust and responsibility he would continue to take the same interest in the welfare and development of the Chamber. In place of the Hon. Mr. C. V. Mehta, the appointments of the following gentlemen were made by the Committee :—Mr. Walchand Hirachand as a member of the Committee, Mr. Lalji Naranji as the representative of the Committee on the Advisory Committee of the Director of Industries, Mr. Kapilram H. Vakil as Chamber's representative on the Committee of Technical Instruction.

22. Increase in rates for the carriage of coal :—

A letter was received from the Government of India, Railway Department, that as the existing rates were unremunerative and in some instances involved actual loss, the Railways were forced to consider the question of revision of rates charged for the carriage of coal. The Committee in reply drew the attention of the Railway Board to the fact that as there was a slight enhancement in coal rates in 1916 and a very heavy enhancement in 1920 the proposed increase would be felt to be an unjust and an unduly heavy burden by the trade and industry. The Committee protested strongly against the proposed increase and requested the Government of India not to sanction any further increase. In this connection the Committee also desired to know if increases were made in the carriage of other principal articles of import and export and if so, in case of which articles. In reply the Committee were directed for the information to address the various Railway Companies. The Committee in reply again wrote to the Railway Board that it was a matter of great regret and surprise that they were advised to address railways direct for the information required by them regarding increases which might have been made in the rates for commodities other than coal. The Committee requested the Railway Board to be kind enough to send the information desired as the Board could get the information much more easily than the Committee.

23. Amendment of the Negotiable Instruments Act.

A letter was received from the Finance Department, Government of Bombay, enclosing a copy of the letter from the Government of India with

its accompaniments. The amendment proposed related to the extension of time within which Bills were to be accepted after presentation, from 24 hours to 48 hours or for such further or other period as might be deemed advisable or practicable. The Committee in reply wrote to the Government of Bombay that they approved of the recommendation of the Bengal Chamber of Commerce namely, that the present time limit for the acceptance of a Bill of Exchange after presentation should be extended from 24 to 48 hours.

24. Suspension of Money Order Service from India to Kenya Colony, East Africa and Uganda Protectorates.

The attention of the Committee being drawn to the suspension of Money Order Service noted above, the Committee requested the Government of India to be pleased to make immediate enquiries with regard to the question and let them know whether the local postal authorities had any information of the order of the Kenya Colony Government when they received Money Orders for transmission and whether that Government's notifications could have retrospective effect. The Government of India, Commerce Department, in their letter No. 1426 dated the 17th February 1921 informed the Committee that the answer to the first question was in the negative. With regard to the second question the Committee were informed that arrangement for the exchange of money orders between the Post office of British East Africa and the Post office of India, which was concluded on the 5th November 1896, authorised each office to suspend temporarily the exchange of money orders in case the course of exchange or any other circumstances gave rise to abuses or caused detriment to the revenue. With it was enclosed a copy of an interpellation on the subject put by the Hon. Mr. Lallubhai Samaldas in the Council of State on the 16th February and the answer which was given. It was further stated that in view of the Government of India the Postmaster General, Nairobi, had no authority to refuse payment with retrospective effect, of money orders already advised. In this connection a further letter was received from the Government of India, Department of Commerce, informing the Committee that they were in receipt of a reply from the Governor of the Colony and Protectorate of Kenya in reply to their protest that the suspension on October 21st of the Money Order Service with retrospective effect from October 5th 1920 was a breach of agreement and contradictory to International Postal usages. The reply was to the effect that the agreement was also broken by the Indian Post Office. Article 4 of the agreement prescribed that the maximum amount for which a Money Order might be

drawn in either country upon the other was Rs. 600. Evidence had been adduced that on the 7th October 1920, 200 Orders each of Rs. 600 were issued in Bombay in favour of one single payee in British East Africa. Under the circumstances the Government of India stated that they were not in a strong position to pursue the controversy since it had been established beyond all doubt that a flagrant breach of the Article 4 of the agreement took place in India and that the Money Order system was abused for purposes of exchange profiteering. The letter stated that the Government of India still thought that the Kenya Government's action in suspending the Money Order service with retrospective effect was not justified by the terms of the agreement.

25. Washington Labour Conference :

A letter was received from Sir Thomas Holland enclosing a copy of the letter from the Government of India to the Local Government dealing with the results of the Washington Conference on Labour. A Sub-Committee was appointed to consider all the draft-conventions of the Conference. On the recommendations of the Sub-Committee the Committee informed the Secretary, the Board of Industries and Munitions that they agreed generally with the views expressed by the Bombay Mill-owners' Association upon the subject of hours of labour in factories in India and the cognate questions discussed at the International Labour Conference held at Washington. With regard to Primary Education the Committee recommended that it should be made free.

26. The Dominion Status :—

The attention of the Committee was drawn to an article which appeared in the Bombay Chronicle of the 15th January, under the heading, "the new menace." The Committee after examining all the issues raised in the article wrote to the Government of India, Department of Commerce, that if the conception given therein of the term 'dominion status' was henceforward to be the official conception an entirely new aspect would be given to the status of India within the Empire. Before taking, however, an alarmist view of the situation, the Committee referred to the Government of India to ascertain if they had kept themselves informed of the latest development of the dominion question and if so whether they were in a position to take the Indian people into their confidence and issue a communique explaining the present position of India within the Empire both in her relations to the United Kingdom and to the Dominions. The Committee in their representation also referred

to the recent favourable despatch of the Government of India with regard to East Africa, and hoped that the same solicitude for the self-respect of India in her relations to the dominions would characterise their policy with regard to the question of the status of the dominions.

In reply a letter was received from the Secretary to the Government of India, Department of Commerce, stating that the Government of India had been informed that the question of the constitutional relations of the component parts of the Empire would be the subject of an Imperial Conference which would be held in the summer of 1922 at which conference India was to be represented. It was also stated that the Government of India had received a notice that there would be a meeting of the Imperial Cabinet in the summer of 1921 at which India would be represented.

27. Proposal to pass a uniform legislation throughout the Empire on the lines of the United States of America Harter Act :—

A letter was received from the Hon'ble Mr. C. A. Innes, Secretary, Department of Commerce, Delhi, informing the Committee that the Imperial Shipping Committee was devoting special attention to the question of the limitation of shipowners' liability by clauses in Bills of Lading. In the letter was also enclosed an extract from a report by the Dominion Royal Commission. The proposed limitation of the shipowners' liability was to be on the lines of the United States of America Harter Act. Under the Harter Act of the United States of America it is not lawful to insert in any Bill of Lading any clause relieving the owner or master of the vessel conveying merchandise from or between ports of the United States and Foreign ports from liability for the loss or damage arising from neglect, fault or failure in proper loading, stowage, custody, care or proper delivery of the merchandise. The Committee in reply informed the Government of India that they approved of a uniform legislation on the lines of the United States of America Harter Act being passed throughout the Empire.

28. Letter from the Bombay Millowners' Association :—

The Secretary, Bombay Millowners' Association in his letter dated 6th January 1921 forwarded a copy of the Proceedings of the meeting of representatives of Associations and other bodies representing Employers of labour in India held on Tuesday the 15th December 1920. The atten-

tion of the Committee was drawn to the question of the appointment of an adviser to the employers' Delegate in regard to the application of the theory of a weekly day of rest in the case of small commercial firms employing one or two work-people or assistants and they were asked to submit the names of one or more gentlemen who, in their opinion, might be recommended to Government as suitable for nomination in that connection. The Committee unanimously suggested the name of Mr. J. K. Mehta, Secretary of the Chamber, as an adviser to the Employers' Delegate.

29. Legislation relating to Banks and Banking.

The Government of Bombay in their letter No. 3361 dated the 4th December 1920 forwarded a copy of the letter they had received from the Government of India containing the following suggestions and questions :—

- (a). That banks registered under the Indian Companies' Act should be required to publish monthly in lieu of the Statement in Form-G in the 3rd Schedule of the Act a Statement in the Form given in appendix to the Government letter.
- (b) Whether a definite limit should be placed on the amount of the authorised capital of a Bank.
- (c) Whether it would not be wise to prescribe that a definite proportion (25 or 30 per cent) of the face value of the shares should be called up before a bank was allowed to begin business.
- (d) Whether the Act should not be amended so as to reduce the period under which banks might work under agency arrangement with the promoters for a term of not more than 5 years, the arrangements to be renewable thereafter at stated intervals at the option of the share-holders.
- (e) Whether section 145 (2) of the Indian Companies Act (Auditors' Reports) which was based on section 113 of the English Companies Consolidation Act of 1918 should be tightened up.
- (f) Whether the legislation proposed in clause 1 with the object of amending Form G in the 3rd Schedule of the Companies Act should be limited to Banks registered under that Act or it should also be extended to the Exchange Banks and

in that case whether the Exchange Banks would be able to supply periodically the information which it was proposed to prescribe in the new form appended to the Government letter.

The letter was considered by the Finance Sub-Committee and upon their recommendation the Committee sent their views as follows :—

- (a) Banks registered under the Indian Companies Act should not be required to publish a monthly statement in the form given in the appendix to the Government letter, but they may be required to publish an audited half-yearly Balance Sheet of their business in the form given in the appendix to their (Committee's) letter.
- (b) It is not necessary to have a limit placed on the amount of the authorised capital of a bank. The authorised capital, however, should not be allowed to be mentioned in advertisements and Balance Sheets though it may be in the prospectus.
- (c) There should be no proportion fixed between authorised and subscribed capital.
- (d) 25 per cent of the subscribed capital should be called up in two years from the date of the commencement of the business.
- (e) No minimum should be fixed for subscribed capital.
- (f) No agency arrangement is desirable in the case of banks ; existing arrangements however may be continued till their expiry.

With regard to the Auditor's Report, the Committee strongly protested against insinuation conveyed in the sentence that "since Auditors generally in India have not attained quite the same high standard as the Auditors in the United Kingdom, the Auditors' Certificates and Reports on the Balance Sheets as prescribed by the Indian Companies Act should go further than English requirements etc." Such a reflection is entirely uncalled for and undeserving. The proposed Statement in Clause 1 should be made obligatory on all Foreign Exchange Banks and they must be required to publish an audited half-yearly Balance Sheet of the business done in India. The Committee also suggest that the words "beyond the

imits of India" should be omitted in section 145 sub-section 3 of the Indian Companies Act, of 1918.

30. Amendment of section 19 of the Indian Income-tax Act (VII of 1918).

The Government of India in their letter No. 3013-F, dated the 1st December 1920, informed the Committee regarding the difficulties involved in working the procedure laid down in section 19 of the Income-tax Act, 1918 (VII of 1918). Under the existing arrangements the provisional assessment was in the first instance made on the basis of the previous year's income while there was a subsequent adjustment under section 10 of the Act when the actual income of the year of assessment became known. As this procedure led both to considerable complications in the working of the Department and to difficulties and trouble to the Assesseees, the Government of India proposed to revert to the former practice whereby income-tax was assessed on the basis of the ascertained income of the previous year with a subsequent adjustment in the following year. The Committee approved of the proposed change pointing out at the same time the principal difficulties to be experienced with regard to the transition period, that is, the year 1920-1921. With regard to this, the Committee suggested that as the provisional income-tax had already been taken on the basis of the preceding year adjustment should be allowed to be made in the assessments according to the accounts of this year. The Committee also suggested that if a change in law was made as proposed, it should affect the provisional collections already made under the present law which should be in due course finally adjusted under the terms of the present law so that no injustice may be done to the assesseees under the present law. With this safeguard the committee recommended the new legislation to be brought into force at once.

31.. Letter from the General Traffic Manager, G. I. P. Railway Company.

The General Traffic Manager in his letter No. G-2190, dated 29th January 1921 drew the attention of the Committee to the state of things that existed at many up-country-stations especially in the Cotton-districts where receipt of railway traffic by the railway was restricted. The Committee were requested to consider the position and endeavour to arrive at some arrangement as would improve matters and avoid the scramble and trouble that occurred when the railway gates were opened for traffic. It was suggested that the arrangements might be bettered if

merchants at forwarding stations would either form a Committee among themselves to allot to each merchant the number of bales or bags that he should bring into the station yard when such could be received, or that the merchants should agree to apportion such a number between themselves. The Committee circulated the letter amongst the members of the Chamber with a request that they would issue instructions to their up-country agents to adopt as far as possible the method suggested in the letter.

32. Railway Police Committee.

The Government of Bombay, Home Department, in their letter No. 785, dated 21st January 1921 enclosed a copy of the list of questions on matters arising out of the terms of reference to the Railway Police Committee. The Committee were also asked to give evidence before the Railway Police Committee on behalf of the Chamber or to depute a representative for the purpose. The Committee in reply regretted that such an important communication should have been sent to them very late. The letter was received on the 24th January 1921 and the Committee were not prepared to send their written evidence before the 28th January 1921; nor was it possible to send their representative for purposes of oral evidence before the Committee at so short a notice. In reply, the Secretary, Railway Police Committee, in his letter dated the 27th January 1921 expressed his regret that it should not have been possible to give the Chamber enough notice of the sittings of the Committee. With it was enclosed a list of the main points on which the opinion of the Committee was invited. The opinion of the Committee was mainly sought on the following points :—

- (1) Whether complaints were increasing in number; if so, what explanation could be given. The Committee said that there was a general complaint from traders and merchants dealing in cotton, cloth, coal, grains, metals, etc., that the consignments were frequently tampered with and at times lost altogether.
- (2) Whether the Committee had any suggestions to offer about the arrangements for the safety of passengers. In this connection the Committee said that proper supervision was required on all running trains but care should be taken that the police placed on duty were specially selected men known for their honesty and good behaviour as otherwise the remedy might prove worse than the disease.

The Committee also expressed their views on several other matters such as pilferages, the loading of goods into wagons, the inadequate lighting of goods sheds, the unsatisfactory nature of the treatment and investigation of claims etc. They also suggested the appointment of a small Committee consisting of representatives of European and Indian Chambers of Commerce and railway officials to examine the settlement of different claims and in cases of disputes between the railway authorities and traders or special complaints of traders to give their decision with regard to the points involved. The Committee recommended the appointment of such committees in all the principal commercial towns.

33. Commerical examinations on the lines of the London Chamber of Commerce examinations.

The attention of the Committee was drawn to the desirability of instituting a scheme of examinations in commercial subjects, suited to the requirements of the country, on the lines of the London Chamber of Commerce examinations that were held annually in Bombay and other centres. The sub-committee appointed to consider the question have drafted a syllabus for the scheme which is under the consideration of the Committee.

34. Representative of the Committee on the Advisory Committee to the Bombay Development Department :—

A letter was received from the Secretary, Development Department, forwarding a copy of Government Order No. S. A. 394, dated 28th January 1921, and requesting the Chamber to elect one representative from amongst its members to sit on the Advisory Committee which the Government had decided to appoint for Bombay City. The Committee nominated Mr. Lalji Naranji, Chairman, as the representative of the Chamber on the Committee.

35. The International Credit Scheme :—

The Government of India in their letter No. 2968-F. dated the 20th November 1920 enclosed for the information of the Committee, a copy of the Report of the Delegates for India to the International Economic Conference held at Brussels, particularly inviting the attention of the Committee, to the Scheme of International credits put forward at the Brussels Conference associated with the name of Mynherr Van Ter Meulen as amplified by suggestions made by Sir Marshall Reid. The following is the brief explanation of the Scheme.

The Scheme has for its object the provision of guarantees whereby exporters sending goods to the impoverished countries on credit may be certain of securing payment. Governments desirous of obtaining imports on credit for themselves or for their nationals will be able to pledge for that purpose certain assets which will be controlled and administered by an International Commission to be created for that purpose. This Commission will examine the securities and assets which the Government offer to pledge and will then announce the gold value of the credits which it would be prepared to approve with the preferred assets as securities. The Governments concerned having agreed to the valuation announced by the Commission will issue interest-bearing bonds current for 5, 10 or 15 years. The Government concerned having thus prepared the bond, may lend it to its own subjects on whatever terms it decides in regard to security. The importer having secured possession of the bonds is to tender them as securities to the exporters for the credit desired. The exporters may pledge the bonds as a security for a bank advance.

With regard to the above scheme, the Committee gave it as their considered opinion that in as much as the scheme failed to appreciate the real difficulties and to provide for them, it would be useful if at all to a very limited extent. In the alternative, the Committee suggested that if any real and practical step was intended to be taken by this country it should be something similar to what America was trying to do, namely, the creation of a Finance Corporation with sufficient capital resources and borrowing powers to be able to raise the necessary funds from which the exporters of raw materials could be financed and a sufficiently long credit might be given to the importing countries. For this purpose the Committee also suggested calling together a Committee of bankers in this country and asking them to see whether a solution of some kind similar to that being attempted in America was possible. In the event of the appointment of such a Bankers' Committee the Committee suggested that it might be asked to consider some suitable scheme of credit insurance.

36. Trade Depression : -

The Committee in their letter dated 26th February 1921 drew the attention of the Government of India to the present depression of trade and said that if the situation once got out of hand, crisis of first magnitude might develop. The Committee suggested the desirability of some sort of Government action in the matter, as was being done by almost all the great countries of the world. In reply the Government of India, Finance Department, sent a telegram wherein they referred the Committee

to the Finance Member's Budget speech and said that they fully realised the existence and the extent of the present trade depression. It was further stated that no action on their part could effect a radical cure though they were anxious to adopt any possible palliative such as a system of International credit about which the Committee were already consulted. It was also stated that the Government of India would be glad to be favoured immediately with an expression of opinion from the Committee as to the precise measures which they had in mind. The Committee had discussed this matter with the Hon'ble Mr. W. M. Hailey, the Finance member of the Government of India at the time of his interview with the Committee on the 12th April 1921.

37. Mr. S. R. Bomanji's Prize for the best Monograph on Indian Currency and Exchange :—

In this connection a Sub-Committee of examiners was held on Friday the 25th February 1921 to consider the essays received from various competitors. The following resolutions were passed by the Sub-Committee which were approved of by the Committee :—

- (1) That no essay reaches a sufficiently high standard in the opinion of the examiners to justify the award of Mr. S. R. Bomanji's Prize.
- (2) That in view of the evidence of research and study displayed by the competitors, the Sub-Committee is of opinion that the Committee of the Chamber be recommended to award a consolation prize of Rs. 1,000 each to Messrs. Brij Narain and K. C. Mahindra.
- (3) That it is to be regretted that in spite of the generous donation by Mr. S. R. Bomanji for the prize, no essays are received from any countries outside India.

38. Forged Currency Notes of the denomination of Rs. 100 :—

The Committee in their letter dated the 10th February drew the attention of the Deputy Controller of Currency, Bombay, to the misapprehensions entertained by the local merchants towards certain Government Currency Notes of the denomination of Rs. 100 which had become practically non-current owing to their being forged on a very large scale. In reply a letter was received from the Deputy Controller of Currency stating that it was undoubtedly the case that several well-executed forgeries of the Rs. 100 notes had been detected at the Currency Office. Several

marks such as the absence of cracky touch, the translucence of the water-marks etc., were indicated to detect forged notes. In the letter it was stated that the matter was reported to the Police for special investigation. In reply the Committee suggested that the Government should publish the facts of forgeries by issuing a communique on the subject and at the same time issue instructions to banking institutions to return to the Paper Currency Office for destruction such notes as were found by them to be forgeries in their daily dealings with the commercial public. In reply a letter was received from the Deputy Contoller of Currency, Bombay, that statistics kept in the Currency Office went to show that the number of Rs 100/-Notes in circulation was on the decrease and was not exceptionally large. In the circumstances it was not desirable to unnecessarily alarm the public in the matter by publishing any details in the press. It was resolved to record this letter.

39. Customs duty on the imports of Machinery, Cement, etc. :—

The attention of the Committee was drawn by Messrs. Tata and Sons and the Indian Cement Company to the erroneous principle upon which the Customs authorities levied import duties on the articles imported by them for the use of their factory. The question was with regard to the import of spare parts of machinery, which, although they ought to have been allowed to be imported under lesser duty of $2\frac{1}{2}\%$ *ad valorem*, were taxed at a higher duty of $7\frac{1}{2}\%$ under Article 72 of the Tariff Schedule. The Committee suggested that the Tariff Schedule should be so amended as to make it clear that all materials and stores which were *prima facie* intended for use as component and necessary parts of machinery should be liable to a lower rate of duty under the Tariff Act. In reply the Government of India, Commerce Department, in their letter No. 2326 dated the 14th March pointed out that it was never the intention to tax or exempt any component parts of machinery according to the purpose for which each particular importer intended to use them but the two criteria were first, that they should be indispensable for the working of the machinery and secondly, that they should not be adaptable to any other purpose. The definition of component parts of machinery was considered by the Select Committee on the Tariff Amendment Bill of 1894 but as it was found impossible to formulate a definition which would be sufficiently inclusive and exclusive, a description indicative of the general sense in which the term was to be interpreted was added to the fourth schedule of the Act and it was supplemented by the rulings of the Government of India in particular cases. With regard to the particular cases mentioned

by the Committee in their letter the Government of India said that it was open to the importers concerned to have recourse to the procedure laid down in sections 188 and 191 of the Sea Customs Act if they were dissatisfied with the decision of the Collector of Customs and thought that they could prove that the articles in question were indispensable for the working of the machinery and were owing to their shape or other special qualifications not adaptable to any other purpose. In view of the unsatisfactory nature of the reply the Committee resolved to introduce a resolution in the Indian Legislative Assembly proposing a change in the legislation on the above lines.

40. The Budget of the Government of India for the year 1921-1922 :—

The Committee of the Chamber in their letter dated 4th March 1921 sent their views to the Government of India regarding the budget for the year 1921-1922, The following were the principal suggestions made by the Committee :—

- (a) That cotton twist and yarn should be taken out from the free list.
- (b) That animals and diamonds, included under precious stones should be placed in the class of luxuries and charged 20 per cent duty.
- (c) That sur-tax on goods traffic should not be so much per maund but a certain percentage on the freight bill itself.
- (d) That excise duty on Indian made cotton piece-goods should be abolished.

The Committee also protested against the increases in the Postal rates as they were likely to press heavily on the poorer classes. They also strongly urged the retrenchment in the heavy military expenditure which had risen up to the prodigious figure of 62.20 crores of rupees. In reply, the Government of India, Finance Department, sent a telegram informing the Committee that it was the intention of the Government of India to refer the additional taxation bills to a Select Committee.

41. Chamber's representation on the Bombay Port Trust :—

The attention of the Committee was drawn to the present inadequate representation of the Chamber upon the Bombay Port Trust. In this

connection the Committee sent a representation to the Chief Secretary to the Government of Bombay, pointing out in general that looking to the commercial, financial, and industrial interests of Indians in the trade of Bombay and in the activities of the Bombay Port Trust it was desirable to secure a clear majority of Indians representing various interests on the Port Trust Board. With regard to the Chamber's representation on the Board in particular, it was pointed out that the present representation of the Chamber on the Port Trust was insufficient, firstly because it was not continuous and secondly because it was quite inadequate, especially in view of the fact that the Chamber was gradually developing itself into a central commercial Chamber. The Committee pointed out that the present representation of the Chamber on the Trust alternate with other trade associations was unfortunate as it took away the entire value of the suggestions and co-operation of responsible representatives of the Chamber. They further urged that Government should take early steps to introduce necessary legislation to increase the representation of the Chamber to three members. In reply a letter was received from the Deputy Secretary to the Government of Bombay, Marine Department, inquiring whether the Committee would desire to put forward any statistics indicating (a) what percentage of the shipping entering and leaving the Port of Bombay in a year was owned by members of the Chamber and by the commercial associations in Bombay affiliated to it ; (b) what percentage of the goods landed and shipped in the Port was landed and shipped by members as above ; (c) whether they had any other figures to put forward on which the calculation suggested by them might be based. In the letter the Government had also enquired what other definite considerations apart from statistics in the opinion of the Committee ought to be taken into consideration in arriving at the proper representation of all commercial interests on the Port Trust Board. The Committee in reply wrote to the Government of Bombay, regretting that they were doing them injustice in sending them out on a fruitless errand in trying to collect statistics which Government were well aware were not available to any non-official body or agency. With regard to the general constitution of the Port Trust Board the Committee said that the Port Trust was a public body financed from the start from the funds collected in the name of the Indian public and guaranteed from Indian public revenue. The Committee also said that on no question was the Indian sentiment so sore and the grievances of the Indian community so acute as on the absence of Indian-owned shipping. The absence was believed to be due rightly or wrongly, amongst other things, to the serious discrimination

against Indian-owned ships by the officials of the Bombay Port Trust. Coming to the question of the Chamber's representation on the Trust, the Committee requested the Government to take into consideration the central commercial position enjoyed by the Chamber and to grant it a representation on the Port Trust at least equal to that of the Bombay Chamber of Commerce. The matter is yet under correspondence.

42. Address to the incoming Viceroy :—

The Committee presented on the 3rd April 1921 an address of welcome to His Excellency Lord Reading, Viceroy and Governor-General of India.

43. Tariff Commission :—

The Committee sent a telegram dated the 17th March 1921 to the Commerce Department, Government of India, warning them about the absolute futility of any enquiry by a commission without the majority of Indians. They further requested Government to drop the principle of nomination and to ask the responsible commercial bodies to nominate members for the purposes of the Commission. With regard to the Chamber's representation on the Tariff Commission, the Committee in their telegram said that the Government of India would be pleased to allow the Chamber to select at least 2 members of the Chamber.

44. Proposal to increase the general import tariff from 11 to 12½ per cent :—

Mr. Rahimtulla Currimbhoy, Chairman of the Bombay Mill-owners Association drew the attention of the Committee to the telegram which the Association had sent to the Government of India, Finance Department, protesting against the selfish and interested agitation carried on by Lancashire merchants against the raising of the Import duty on cotton piece-goods, and further urging on the Government of India the desirability of raising the General tariff from 11 to 12½ per cent. The Committee after a careful consideration of the telegram sent by the Millowners' Association, sent a telegram to the Government of India, Finance Department, requesting them to abandon the increase of postal charges and to raise if necessary the general import tariff from 11 to 12½ per cent. The Committee also sent a telegram to the Secretary of State for India, London, strongly condemning the interested and insincere agitation set up by Lancashire merchants against the increase in the Customs duties on cotton piece-goods and urging Government to remain firm in the matter, :

45. Duty on Silver :—

The Committee in their telegram dated 16th March 1921 sent to the Finance Department, Government of India, strongly objected to the suggestions for the reimposition of duty on Silver and recommending to the Government the policy of free-trade in precious metals as it was absolutely necessary to prove their bonafides as also to restore confidence in the policy of the Government. The Committee further pointed out the disastrous effect of such a duty on all trade with China already hit hard by other causes.

46. Committee to investigate scale of accommodation and sanitary arrangements for Deck Passengers :—

The attention of the Committee being drawn to the appointment by the Government of India of a Committee to investigate scale of accommodation and sanitary arrangements for Deck Passengers, a telegram was sent to the Government of India, Department of Commerce Simla, protesting against the non-representation of the Chamber on the Committee appointed by the Government of India. In reply a letter was received from the Government of India, Department of Commerce, stating that the Bombay and Bengal Chambers of Commerce were represented upon the Committee solely because the most important shipping companies whose interests might be affected by the Report of the Committee were represented on those two Chambers. It was further stated that they had no intention of discriminating in any way between the Indian Merchants' Chamber and Bureau, Bombay, and the Bombay and the Bengal Chambers of Commerce. As regards the request of the Committee that they should be asked to nominate a member on the Deck Passengers' Committee even at a later stage, the Government of India said that as the Committee was to consider a number of detailed and complicated technical rules the Committee was kept as small as possible. The composition of the Committee was so arranged that it should contain two members representing shipping companies affected, two Indian merchants, one doctor and one Indian public gentleman and the President. The Committee again represented to the Government of India that the addition of one member on behalf of the Chamber would not surely make the composition of the Committee unwieldy and that therefore the request of the Committee would meet with a favourable response from the Government. In reply the Government of India in their letter No. 2625 dated 22nd March 1921 stated that they regretted that they were unable to

accede to the request of the Chamber to be represented on the Deck Passengers Committee. They further stated that they must adhere to their previous decision partly for the reasons already given and partly because at that stage of the Committee's proceedings it would be a mistake to introduce new members. In the meanwhile, a letter was received from the Secretary, Deck Passengers Committee, enclosing copies of the questionnaire issued by the Committee and requesting the Committee of the Chamber to circulate the list to any of its members who were likely to be interested. As the time given to the Chamber was very short it was not possible for the Committee to send a representative for oral evidence before the Committee. As a protest against the very short time allowed to them for a full consideration of the matter, the Committee sent a representation to the Government of India, Department of Commerce enclosing copies of correspondence passed between the Committee and the Deck Passengers Committee and requesting the Government of India to be pleased to take such steps as might be necessary, to ensure that public Committees or Commissions would in future carry out their work in a manner which would inspire confidence in the public. The Committee in their letter dated 28th April 1921 sent their views on the questionnaire prepared by the Deck Passengers Committee. The following are amongst the principal suggestions made by the Committee :—

- (a) That medical officers should be carried on ships even for voyages other than to and from the Red Sea.
- (b) That the rates for luggage should be reduced and that steamship companies should arrange to deliver the luggage at once at the time of disembarkation and pay for pilferages from the luggage entrusted to them to be kept in cloak-rooms, so that the passengers might be discouraged from the habit of keeping an excessive quantity of personal luggage with them and encouraged to make use of cloak-rooms.
- (c) That adequate provision should be made for the sheltering of passengers at embarkation and disembarkation.
- (d) That the practice of working native crafts should be discontinued and that steam launches should be used instead.
- (e) That there should be some space reserved for women on steamships as under the conditions it was very difficult for women to sit, sleep, and dress in the ships in sight of strangers,

(f) That the existing scale of fares should not be increased.

47. Enquiry into Production :—

A letter was received from the International Labour Office, Geneva enclosing copies of questionnaire for workers' and employers' organisations and soliciting therein certain statistical and other information relating to production. In reply the Committee said that as practically the whole of the questionnaire consisted of technical questions pertaining to special industries like the Textile industry, they regretted that they could not send replies to the questionnaire sent by the Labour Office. The Committee referred them however to industrial associations like the Bombay and Ahmedabad Millowners' Associations which were according to their opinion best suited to reply to all the questions detailed in the questionnaire. At the same time, the Committee also wrote a letter to the Department of Industries, Government of India, enquiring as to whether they were in receipt of a similar communication from the International Labour Office and whether they had sent any reply to the same.

48. Proposal to fix a ratio of the minimum subscription to the authorised capital of a Joint Stock Company :—

A letter was received from the Under Secretary to the Government of Bombay, Revenue Department, forwarding copy of a Government Order No. 446 dated 16th February 1921 containing a proposal to fix a ratio of the minimum subscription to the authorised capital of a Joint Stock Company. In particular the views of the Committee were sought on the following three specific points:—(a) Should the Indian Companies Act require that a minimum percentage of the authorised capital should be subscribed before allotment is permitted; (b) Should the Indian Companies Act require that the minimum percentage of the authorised capital should be paid up before the allotment is permitted; (c) If so, what should the minimum percentages be? On the recommendations of the Finance Sub-Committee, the Committee sent their views as follows:—(a) That the authorised capital should not be allowed to be published in advertisements or prospectuses; (b) That a minimum of 20 % of the issued capital should be subscribed before a Company is allowed to proceed with allotment of shares; (c) That there should be no limit laid down for the minimum percentage of the authorised capital being paid up before allotment is permitted.

49. Affixing stamps to contracts in share transactions :—

A letter was received from the Under Secretary to the Government of Bombay, Revenue Department, enclosing copy of a letter from the Government of India, Finance Department, No. 3476-F, dated 30th February 1921, on the subject of affixing stamps to contracts in share transactions. It was suggested that action on the lines of Sections 77 and 78 of the English Finance Act 1910, would operate in the direction of protecting the revenues. (These sections impose upon each contract-note a stamp duty varying from between $1/40$ to $1/200$ per cent, require all contracts for the purchase and sales of shares to be covered by a contract note as stamped and declare the brokers right to a commission to be not enforceable unless the contract-note was duly stamped.) The Committee in reply said that they did not approve of the proposal that action on the lines of Sections 77 and 78 of the English Finance Act, 1910, referred to above should be taken in the matter.

50. Substitution of a non-refundable Town Duty in place of the present Town Duty.

A letter was received from the Deputy Assessor and Town Duty Refund Officer, Bombay Municipality, informing the Committee that a proposal was under consideration to substitute a non-refundable duty equivalent to a light terminal tax in place of the present Town duty. The letter also contained a list of articles proposed to be taxed according to the new system. The letter was referred to the various trade sub-committees for their opinion and upon their recommendations the Committee sent the following reply :—

- (a) Grains and flours of all sorts should be exempted from payment of Town Duty altogether,
- (b) That manganese ore should be included in the list of articles to be taxed and that a tax of six pies per Bengal Maund should be levied on the same.
- (c) That timber should be taxed not upon weight but upon percentage basis and that it should be taxed at the rate of one per cent.

51. Interview with the Hon'ble Mr. W. M. Hailey, Finance Member of the Government of India.

A meeting of the Committee of the Indian Merchants' Chamber was held on Tuesday the 12th April 1921 at 12-30 P.M. (S. T.) to discuss

with the Honourable Mr. Hailey, Finance Member of the Government of India certain questions relating to his Department. The following gentlemen were also present :—Mr. E. M. Cook, Finance Secretary to the Government of India; Mr. A.C.Mc. Watters, Controller of Currency, and Mr. C.W.C. Carson, Deputy Controller of Currency, Bombay. The proceedings of the Committee have already been published.

52. Allowances to Appraisers in the Customs Department :—

The attention of the Committee was drawn to the system of paying allowances to Appraisers in the Customs Department requesting the Committee to ask the Government to discontinue the same as it led to grave abuses involving merchants in unnecessary hardships. The Committee, before enquiring into the matter asked the Government of India, Department of Commerce, to supply them the following particulars :—

- (a) The amount of fines realised by the Government during the last three years from Bombay in cases where merchants were punished by the Collector of Customs for violation of Customs Rules.
- (b) The amount given as presents to Appraisers for detecting the faults of merchants.
- (c) The amount of fines thus realised for each department of the Customs Department; and
- (d) The different amounts thus earned by the different Appraisers.

In reply the Government of India, Department of Commerce, in their letter No. 3735, dated the 30th March 1921, informed the Committee that their letter was forwarded to the Government of Bombay for disposal. The Government of Bombay, Revenue Department, in their letter No. C/1527, dated the 23rd June 1921, referred the Committee to Appendix I of the annual report on the Sea-borne Trade and Customs Administration of the Bombay Presidency for the answer to the first question. It was further stated that the Governor-in-Council was not prepared to give the information asked for in the other three questions. Before taking up the matter further it was resolved to write to the Consuls for Japan and the United States of America requesting them to inform the Committee if there was a system of paying to appraisers in the Customs Department in their countries 50 per cent. of the fines inflicted on the merchants.

53. Pooling of wagons :—

In reply to a letter sent by the Committee to the Government of India, Railway Department, asking them to inform the Committee whether the system of pooling of wagons had proved satisfactory, a letter was received from the Department stating that the pool which was in force had proved satisfactory in so far that it had enabled the railways to make greater use of the wagons available than was otherwise the case. Other details arising from the operation of the pool were receiving the attention of the railways.

54. Overcrowding of passengers on s.s. "Karowa" :—

In this connection a telegram was received from the Indian National Association, Zanzibar, requesting the Committee to make enquiries on the spot regarding the number of passengers on board and other sanitary arrangements on the said steamer. As the telegram was received some two days after the steamer landed in Bombay, it was not possible for the Committee to make enquiries on the spot as desired. The Committee, however, requested the Government of India, Department of Commerce, to make enquiries regarding the number of passengers on the steamship. In reply a letter was received from the Government of India, Department of Commerce, informing the Committee that their letter had been forwarded to the Government of Bombay for such action as might be considered by them necessary.

55. Loss of goods on Railways :—

The attention of the Committee was drawn to the loss of goods on railways and the practice of the Railways to take shelter under the wordings of the Risk note and thereby to deprive the merchants of their right to claim compensation from the railway. The Committee resolved to send a Circular letter to all the members of the Chamber requesting them to give specific instances of such losses of goods and whether the Railway Companies gave compensation for same, and then to write to the Government of India, Railway Department.

56. Surcharge on wheat-flour and bran :—

The attention of the Committee was drawn to the practice of the railway Companies of levying surcharge on wheat-flour and bran. According to the Indian Finance Act, 1921, Schedule 4 all the goods other than Food-grains and pulses, Firewood and fodder, were chargeable with a surcharge at 2 annas 6 pies per rupee of the net freight payable. The Com-

mittee requested the Government of India to class wheat-flour and bran under foodgrains and fodder respectively and thus to remove them from the operation of Schedule 4 of Indian Finance Act, 1921. The Government of India in reply stated that the Railway Board regretted that exemption from surcharge could not be granted in the case of wheat-flour and bran. On enquiry, however, through the railway companies themselves, the General Traffic Manager, B. B. & C. I. Ry., informed the Committee that surcharge was levied on flour only but not on bran which latter was treated as fodder which was also exempted. In view of this, a letter was sent to the Secretary to the Government of India, Railway Department urging upon them the desirability of reconsidering the matter and declaring that Schedule 4 of the Indian Finance Act would not be operative in the case of wheat-flour and bran. As one of the members of the Chamber had given a specific instance of surcharge being levied on bran by the B. B. & C. I. Ry., Co., it was also resolved to write to the Company to enquire into the matter as the statement made by the member was contradictory to the statement made by the Company in their previous letter that surcharge was not levied on bran. In reply the General Traffic Manager in his letter No. R. 115-17-P. 3, dated 24th June 1921, informed the Committee that since writing their last letter further orders were received from the Government in which it was made clear that fodder for the purposes of surcharge included Bhusa, Churi, Curbi, and Hay only. As bran was neither coming under fodder nor under grain and pulses, under the Indian Railway General Classification of goods, surcharge tax was correctly leviable. At last the Government of India, Railway Department, in their letter dated 28th June 1921 informed the committee that "Flour" had been exempted from the surcharge with effect from the 1st June 1921. As regards "Bran" they regretted that it can not be exempted from the surcharge.

57. Demurrage charged by the Railway Companies in consequence of the holding up of wagons due to strike :—

Messrs. Tata and Sons drew the attention of the Committee to the fact that owing to a general strike at their works at Jamshedpur in March 1920 which lasted for 26 days, several wagons of the B. N. Ry. carrying loads on their account were held up in consequence of which they were held liable to pay demurrage charges amounting to over one lakh of rupees. In the letter it was also stated that in reply to the representation made by the Company to the B. N. Ry. in the matter, the Railway Company stated that as under the present system of a general pool two-thirds of their traffic was

carried on in wagons of foreign railways, they were not in a position to waive their right of claiming demurrage charges from the Company. The Committee drew the attention of the Government of India, Railway Department, to this general liability of industrial concerns to pay the demurrage charges to the Railway Companies in consequence of a general strike at their works and requested them that as the question was of considerable importance to all the industries, it should be considered at the next Railway Conference which was to be held some time in October next. The Government of India, Railway Department, in reply stated that their letter had been forwarded to the Secretary, Indian Railway Conference Association, Allahabad.

58. Passports for Aden :—

The attention of the Committee was drawn to the difficulties in obtaining passports for Aden from Bombay. The Committee were also requested to recommend to the Government of Bombay that as no passports were necessary in case of passengers going to Karachi by sea, the system of requiring passports for going to Aden should also be discontinued, as both Aden and Karachi were within the jurisdiction of the Government of Bombay. The Committee accordingly wrote to the Government of Bombay, Political Department, that they would be pleased to discontinue restrictions in the shape of passports to Aden placing passengers to that place on a level with passengers to Karachi or even to Colombo. In reply the Committee were informed that the Government of India who were addressed in the matter had intimated that the existing restrictions could not be relaxed.

59. A Bill further to amend the Indian Factory Act, 1911 :—

The Government of Bombay in their letter No. 5709 dated the 5th May 1921 forwarded a draft-bill, further to amend the Indian Factory Act for the opinion of the Chamber. The Bill embodied the provisions of the draft conventions and recommendations of the International Labour Conference as far as it was possible to give effect to them and in addition endeavoured to remedy a few other defects in the present Act that had been pointed out by the Industrial Commission, the Indian Cotton Committee, and various official and non-official bodies and individuals. The Committee expressed their approval of the Bill.

60. Dispatch of mails by the Up Kathiawar Express :—

A letter was received from the Post-master General, Bombay, informing the Committee that arrangements had been made for the dispatch of mails

for Bombay by the Up Kathiawar Express train due to arrive at Colaba Railway Station at 7.45 A. M. from the Ahmedabad, Anand, Baroda, Broach and Surat Railway stations from the 16th May 1921. The Committee in reply stated that the new arrangement was no doubt calculated to give satisfaction to the commercial public of Bombay.

61. Finance Corporation for India :—

The Finance Sub-Committee of the Chamber had an informal meeting with the Controller of Currency, Calcutta, on the question of the possibility of forming in this country a Financial Corporation for helping the export credits. In this connection the Deputy Controller of Currency Bombay, had also supplied to the Committee of the Chamber for their confidential information copies of telegrams exchanged between the Secretary of State and the Government of India. The views of the Committee were asked upon the following two questions :—(a) a Government guarantee and (b) the possibility of forming in the country a guaranteeing Corporation. The Controller of Currency, Calcutta, had also supplied a copy of the terms of the British Export Credit Scheme for the information of the Committee. The Committee after a careful consideration of the matter submitted the following views :—

- (a) That it was inherently objectionable to give the guarantee of the Government of India to any corporation or directly to any merchants or for the Government of India to participate in it and assume any responsibility in the matter of capital interest recurring costs or ultimate liquidation of any such corporation.
- (b) That it would not be possible in India to work on the lines suggested in England and that a scheme suitable to this country would have to be evolved.
- (c) That for this purpose it would be desirable to bring into existence purely as a business proposition a corporation which would establish direct export from India to Germany and Austria and which would also enable the direct export to those countries from India of manufactured goods, machinery etc.

62. The appointment of an Indian Assistant to the Trade Commissioner, East Africa :—

A letter was received from the Government of Bombay, Revenue Department, stating that in connection with the appointment of an Indian

Trade Commissioner in East Africa, the Government of India considered that the Commissioner should have a capable Indian Assistant of good social standing with some experience of commercial affairs who would both be able to keep in close touch with the Indian commercial community and also to run the office for the Commissioner when he was on tour. The Committee of the Chamber were requested to recommend some one for the appointment and to state what salary should be offered. The Committee in reply recommended an Indian gentleman for the post with a request that the Government would be pleased to give him the maximum salary of the post, namely £ 1000 per annum.

63. A Bill to amend the law relating to emigration :—

The Ag. Collector of Customs, in his letter. R. S. R. No. 2392 of 1921, dated 23rd May 1921 sent for the opinion of the Chamber the draft bill for the amendment of the law relating to emigration. The Committee expressed their approval of the same.

64. Government Securities Committee :—

The Committee of the Chamber sent a telegram to the Finance Department, Government of India, Simla, protesting against the rumoured private nature of the proceedings of the Government Securities Committee. The telegram also stated that the enquiry should be public and that opportunity should be given to individual members of the public to place before the Committee any views they might have on the subject. In reply the Government of India, Finance Department, in their letter No. 1530-F, dated 19th May 1921, informed the Committee that in the opinion of the Government of India a full public enquiry in a matter of that sort was both unsuitable and undesirable inasmuch as the experts and members of the business public consulted might feel some natural hesitation in giving a full expression of opinion if the enquiry was held in public and moreover there was the risk of expectations being aroused amongst holders of securities which might not be realised. In this connection the Secretary to the Government Securities Committee, in his letter dated 13th May 1921 informed the Committee that the Government of India had appointed a committee in Bombay to advise them as to the action to be taken in order to give effect to the resolution regarding the rehabilitation of Government Securities which was adopted by the Council of State in February last. The Committee were also requested to communicate their views on the subject and also to depute their Finance Sub-Committee to appear before the Government Securities

Committee and explain personally the views put forward on behalf of the Committee. In reply, the Committee sent their views as follows :—

That in their opinion there was some ground for anticipating that the rate of interest might revert to the normal of the last generation in the course of the next few years. The rapid fall in prices of commodities over the world gave ground for expectations and the depreciation in the prices of 3 and 3½ per cent. papers was, therefore, probably only a temporary phenomenon. They, however, thought that it was in the best interest of future Government borrowings to restore the confidence of the investors in Government loans which was very badly shaken by the present condition of the 3 and 3½ per cent. loans. They therefore recommended that Government should make these loans redeemable in, say, 60 years and create a suitable sinking fund for the purpose. In this connection they also strongly recommended the immediate sale of the Sterling Treasury Bills still remaining in the Paper Currency Reserve in London and the transfer of the money so realised to India at the very favourable opportunity that then presented itself in the matter of exchange. They also recommended that it was in the interest of the Government itself not to issue any fresh loan at a higher rate of interest than 6 per cent. and if the Government were advised that circumstances of the market were such as would not procure sufficient funds in a 6 per cent. loan, such a loan should be raised even at a discount by calling tenders for the same. The committee nominated Mr. B. F. Madan as their representative to give evidence before the Government Securities Committee.

65. Government of India 7% Sterling Loan :—

The Committee sent a telegram to the Secretary to the Government of India, Finance Department, Simla, protesting against the arbitrary issue in England of the 7 per cent. Sterling Loan with option of conversion ruinous to Indian interests. The telegram also stated that the issue was likely to have an ultimate disastrous effect on the value of Rupee Securities in India and also to the prospects of issuing new loans at reasonable rates. It was also suggested that no loans in England should be issued in future at higher rates than in India and Indian Rupee investors should always have preference to invest on identical terms. The detailed correspondence on the subject has already appeared in the Press.

66. Exclusion of India from the British Export Credit Scheme:—

The attention of the Committee was drawn to the Reuter's telegram dated 31st May 1921 regarding the resolution passed by the House of Commons extending the Credits and Insurances Schemes throughout the Empire with the exception of India and British Possessions and the Far East, which, as the Premier was alleged to have stated, required certain consideration owing to the conditions under which the outstanding obligations had not been fully honoured. A telegram was accordingly sent to the Secretary to the Government of India, Finance Department, Simla, stating that the Committee resented the gratuitous and provocative libel on the Indian Commercial Community contained in the remarks of the Prime Minister in Parliament as telegraphed by Reuter. The Indian Commercial Community had never asked to be included in any scheme which might be made by the Board of Trade for the encouragement of English exports. The scheme so far as they knew was solely conceived in the interest of British exports and if the non-inclusion of India meant reduction of Imports from the United Kingdom into this country, it would be welcomed as relieving Indian industries to that extent from subsidised competition of English goods. The Government of India cabled for fuller information regarding the Reuter's telegram stated above, and they were informed that Mr. Lloyd George had taken no part in the Commons Debate but that the gentleman who was really responsible for making the statement reported by Reuter was Sir Philip Lloyd Graeme, Secretary to the Department of Overseas Trade. The Government of India issued a communique that the exclusion of India from the Empire Credits scheme was carried in India's own interests and on the recommendation of the Government of India. A further communique was also issued by the Government of India informing that Sir Philip Graeme had expressed his deep sorrow in the House of Commons if his statement regarding the exclusion of India from the new Export Credits scheme gave rise to any misunderstanding in India or that anything that he might have said should be regarded as a reflection on the merchant community in India.

67. The representation of the Chamber on the Central Cotton Committee :

The attention of the Committee was drawn to the non-representation of the Chamber on the Central Cotton Committee while other leading commercial institutions and Chambers had seats upon that Committee.

A telegram was accordingly sent to the Government of India, Department of Commerce, requesting them to add a representative of the Chamber on the Central Cotton Committee. In reply a letter was received from the Secretary, Indian Cotton Committee, informing the Committee that the Government of India were pleased to add a representative of the Chamber on the Central Cotton Committee. In this connection, a letter was also received from the Government of Bombay requesting the Committee to nominate a representative for the Central Cotton Committee and to forward his name to the Government of Bombay. The Committee nominated Mr. Mathuradas Vasanji Khimji as their representative on the Central Cotton Committee.

68. The Tariff Commission :

The Committee being informed that an English gentleman was going to be appointed by the Government of India, as the Chairman of the Tariff Commission, a telegram was sent to the Government of India, Commerce Department, conveying to them their grave anxiety that Government had abandoned their intention of appointing an Indian as Chairman of the Tariff Commission. The telegram also stated that an enquiry on such an important and far-reaching issue would lose its value and fail to gain public confidence unless there was a majority of Indians on it and unless the Chairman was an Indian. The Government were further requested to reconsider the position before it was too late.

69. Amendment of the Code of Civil Procedure :—

The Government of Bombay in their letter No. 4415 dated 3rd May 1921 forwarded a copy of a Bill to amend the Code of Civil Procedure with the statement of objects and reasons, asking the Chamber to send its opinion on the provisions of the Bill. The Committee in reply stated that they disapproved entirely of the amendment proposed to be introduced in the Code of Civil Procedure of 1908. The Committee while sympathising with the object of the Government to discourage the institution of fraudulent and dishonest suits thought that the object would not be gained by the proposed amendment. There were already sufficient safeguards provided by the Indian Penal Code against the institution of such suits and if those safeguards were not sufficient to check the evil, the proposed amendment in the Civil Procedure Code would not be able to achieve the object. No such provision was also to be traced to English Judicature Acts nor in any other modern systems of Jurisprudence was such a power given to the Courts. The Committee accordingly stated that they saw no

reason why the Indian Legislature should embark on an expedient for which there was no precedent in any other civilised country. The Committee also objected strongly that it was not in the public interests that the judiciary should be armed with a power of that nature which was also sought to be made unappealable.

70. Establishment of an ultimate Court of Appeal in India:—

The Government of Bombay in their letter No. 5160 forwarded a copy of a letter from the Government of India and of its accompaniments regarding the proposed establishment of an ultimate Court of Appeal in India and requested the Chamber to send to the Government their views on the points raised in the letter of the Government of India. The Committee in reply stated that they approved of the proposed establishment of an ultimate Court of Appeal in India with the proviso that when such an ultimate Court of Appeal was established in India there should be no appeals allowed to the Privy Council in England,

71. Redrafting of the Income Tax Act of 1918.

The Government of India, Finance Department, in their letter No. 825-F., dated the 11th March 1921, informed the Committee that owing to numerous difficulties arising out of the methods of assessing mercantile profits for the purposes of the Income Tax Act of 1918, the Government of India had decided to appoint a small Committee of experts to examine the question of the redrafting of the Act for the purpose of bringing in additional provisions either in the Act itself or as rules which could be made consistent with the Act on lines similar to the provisions contained in the English Income Tax Act. In this connection a letter was also received from the Government of Bombay, informing the committee that Mr. G. G. Sim, C. I. E., I. C. S., Joint Secretary to the Government of India, Finance Department, had been deputed to make enquiries and recommendations in consultation with local Committees in Bombay and other centres regarding the assessment of mercantile profit to Income Tax and Super-Tax. The Committee were also asked whether they would wish to produce any witness before the Bombay Committee and if so to send their names to the Government at an early date. The Committee in reply gave the following views:—

- (a) Stocks insurance and profit insurance should for the purpose of Sec. 9 paragraph 2 sub-clause 4 be allowed to be deducted from total profits of a Company.

- (b) In case of branches assessment should be fixed at the place where the business was carried on.
- (c) With regard to partnership profits partners of a firm should be individually assessed and not the whole firm.
- (d) Merchants and Shroffs should not be asked to disclose names of their depositors.
- (e) The same source of revenue should not be assessed twice over.
- (f) Income tax should be finally assessed on the ascertained income of the preceding year.
- (g) If accounts were audited by certified Auditors and Statements were presented by them, Books of account need not be examined.
- (h) An assessee should be allowed for the purpose of assessment to have a choice as to whether his income should be assessed on the basis of the preceding year or on the average of three years.
- (i) Whenever any appointment was given to an assessee it should be kept punctually as under the present system much time of merchants was wasted.

The Committee nominated the following gentlemen as their representatives for the purpose of giving oral evidence before the Income Tax Committee:—Mr. Lalji Naranji, Chairman; Mr. K. S. Aiyer of Messrs. K. S. Aiyer & Co.,; Mr. S. B. Billimoria; and Mr. Maneklal Amulakhrai Mehta of Messrs. Nagindas and Maneklal.

72. Amendment of the Indian Limitation Act.

The Government of Bombay in their letter No. 5520 dated the 6th June 1921 forwarded a copy of a Bill further to amend the Indian Limitation Act of 1908 for the opinion of the Chamber. The amending Bill related to Section 5 and Section 29 of the Indian Limitation Act of 1908. Section 5 of the Act of 1908 applied to only a limited number of applications while the object of the proposed amendment to that Section was to make it clear that where a special period of limitation was prescribed by a special or local law, Section 5 would not apply but that otherwise it would automatically apply to all applications. The object of the second amendment was to make clear that provisions in certain Sections of Act IX of 1908 would apply to the period of limitation prescribed by any special or

local law unless they were specifically excluded. As both these amendments were in the interests of the public the Committee approved of the same.

73. Interview with the Hon'ble Sir Thomas Holland, K. C. S. I., K. C. I. E., Member for Commerce and Industries, Government of India :—

A meeting of the Committee was held on Thursday the 30th June 1921 at 12 noon to discuss with the Hon'ble Sir Thomas Holland several questions relating to his Department. The following questions were mainly discussed (a) The Purchase of Stores by the Secretary of State for the requirements of India from the United Kingdom regardless of price; (b) Tariff Commission; (c) That Chambers of Commerce should be asked to send representatives to the conferences of Directors of Industries and to the Railway Conferences; (d) Increase of railway rates particularly on the Goods traffic. Detailed proceedings have already appeared in the press.

74. The Bombay Development Scheme :

In connection with this scheme undertaken by the Government of Bombay, Development Department, a very lengthy correspondence was carried on by the Committee with the Government of Bombay. The following is a summary of the correspondence carried on by the Committee with the Department on various points connected with the scheme as they arose from time to time :—

75. Bombay Development Loan :—

The Committee sent a representation to the Government of Bombay drawing their attention to the advertisements that appeared in the press in connection with the Bombay development loan that the money raised by loan was to be spent *in Bombay, for Bombay, by Bombay*.

The Committee also made the following suggestions for the consideration of the Government :

- (1) That even if the cost of Indian contractors was a little bit more preference should always be given to them as the resulting profits would remain in the country and they would prove more successful in dealing with the difficult problems of labour and local conditions.

- (2) That the new form of tenders which guaranteed a minimum profit to the contractor should not be introduced in this country where the system had always been to have a fixed rate.

In reply the Committee were informed that the allotment of contracts by public bodies was a matter for the public bodies themselves to determine, but when the contracts would be given by the Development Department the suggestions made by the Committee would be considered.

76. Purchase of materials by the Development Department :

The attention of the Committee being drawn to the specifications of the Development contracts which specified that only articles produced and manufactured in the British Empire were to be used in all contracts, they urged on the attention of the Development Department that definite instructions should be issued early that whenever indigenous goods were not available and necessary materials had to be imported they should be imported from the cheapest market in the world. In this connection the Committee drew the attention of the Department to the fact that the Government of India had not adopted the policy of Imperial preference and under the circumstances it was not fair for the Government of Bombay to order out British Empire produced and manufactured goods only. In reply the Secretary to the Development Department in his letter dated 16th February 1921, stated that the Government had approved on the 14th February 1921 of the Director of Development's proposal that none of the tenders for the particular contracts in question should be accepted and that the work should be carried out departmentally.

77. Purchase of cement by the Development Department :—

The attention of the Committee being drawn to the tenders for the supply of cement advertised by the Department a representation was sent to the Department stating that as the present output of factories manufacturing cement in India which was approximately 120,000 tons was all ear-marked, it was very likely that the whole of the tendered quota would be filled in with foreign cement. As the Indian output of cement from December 1921 onwards however was expected to be about six times the production it was possible to supply all the requirements of the Department with local cement and that therefore the Department

should arrange for the purchase for their requirements for not more than six months as there was every possibility of a large supply of Indian cement in near future. In reply a letter was received from the Development Department stating that no cement other than Indian cement had been ordered for delivery after October 1921 and that it was hoped that after that the Indian market would be in a position to supply all the cement required by the Development Directorate.

78. Erection of public buildings on the Reclamation :—

A letter was received from the Secretary, Development Department, requesting the Committee to furnish the Government at an early date with any suggestions that the Chamber might wish to make in regard to the erection of public buildings on the Reclamation. The letter stated that what the Government primarily desired was to be informed of proposals for public buildings which were of sufficient importance to be considered in designing the general lay out of the area and that they were not ready to discuss the terms on which sites for public buildings would be allotted or to determine what proportion of the total area would be reserved for public buildings, recreation grounds, etc. A copy of the plan showing the huge lay out of the area was also enclosed. In reply the Committee said that it was rather premature to consider the question of erecting public buildings on the Reclamation, that they had grave doubts as to the utility of reclaiming land from the sea and thus to give the scheme an indirect priority to the other schemes before the Department. It was also stated that the reclamation scheme threatened to be of a stupendous character and the Development Department might well consider if it was worth going in for it, when lands of an immense area lay waste and uncultivated.

79. The constitution of the Development Department :—

The Committee in their letter No. T. 979 dated 14th June 1921 expressed their dissatisfaction at the constitution of the Development Board which was merely an advisory body and had no controlling voice in the affairs of the Department. They stated that the Board in order to be useful must be invested with controlling powers as well. In connection with the Development Department being treated as a Reserved Subject the Committee strongly suggested that the Development should be considered as a Transferred subject and be in charge of the Minister who was in charge of the Public Works Portfolio. In reply a letter was received from the Secretary to the Government of Bombay, Development

Department, informing the Committee that the Bombay Development Scheme was being carried out by the Directorate of Development working under the control of Government in the Development Department. It was also stated that Government in accordance with their statement to the Legislative Council were glad to avail themselves of the advice of an Advisory Committee in the matter but they regretted they could not agree to hand over to the Advisory Committee or any similar Committee the control of the Government funds or the executive authority in regard to the scheme which was now exercised by the Government themselves or by the Director of Development acting under their control. As regards the Committee's proposal to make the Development a Transferred subject they were referred to the discussion that took place in the Legislative Council on a resolution on this subject moved by Dewan Bahadur Godbole and the speeches of the Hon'ble Member in charge of the Development Department in the course of that discussion.

80. Requisition to call a public meeting in connection with the Bombay Development Scheme :—

A requisition signed by about 100 members of the Chamber was received requesting the Chairman and the Managing Committee of the Chamber to call a public meeting under its auspices for the following purposes :—

- (1) To condemn the proposed Backbay Reclamation as costly and unnecessary ;
- (2) to protest against the manner in which the Government have carried out the scheme treating it as a Reserved Department and carrying it through the Council without any discussion, not taking the public into their confidence by giving financial details of the scheme at any time, not associating businessmen to examine from day to day and to control as Directors in a Joint-stock company the operation of the executive of the Development Department.

The requisition was considered by the Committee when after a considerable discussion on the requisition as well as the merits of the Backbay scheme as well as the constitutional issues arising in connection therewith it was resolved to ask information from the Government of Bombay, Development Department, on the following points and to postpone meanwhile taking any action on the requisition:—

(1) Government's considered and final views as to why the Development Department should not be a Transferred subject under the control of a Minister the present Advisory Board being replaced by a statutory administrative body containing an Indian majority ;

(2) Figures of capital outlay, area, ways and means, cost per square yard, total area to be reclaimed, possible realisation, date of completion, and any other financial figures which Government might desire to send. In reply the Government of Bombay, Development Department, sent a long letter (the letter was published in the Press) enclosing the information and the details asked for by the Committee. The letter also stated that if the Committee were desirous of asking for further information or of placing before the Government their views, His Excellency the Governor and the Honourable Member in Charge would be glad to receive the Committee on a day to be arranged.

81. Interview with His Excellency the Governor of Bombay :—

His Excellency the Governor and the Honourable Member-in-Charge of the Development Department met the Committee of the Indian Merchants' Chamber and Bureau at the Secretariat on Tuesday the 9th August 1921 to discuss the various questions relating to the Development Department. Report of the proceedings of the interview has already appeared in the Press. His Excellency the Governor during the course of his reply to the speech of the Chairman of the Chamber had promised further figures which were afterwards sent by the Department. The Committee in reply stated that they appreciated the further information given by His Excellency but as Members of the Committee had grave doubts on certain financial heads they would welcome an opportunity of discussing with the Hon'ble Member-in-Charge of the Development Department if the Honourable member would be pleased to meet them at the office of the Chamber and give such further explanation and facts as were necessary.

32. Petrol shortage in Bombay :

The attention of the Committee being drawn to the insufficiency of petrol supply in Bombay a letter was addressed to the Chief Secretary to the Government of Bombay suggesting that the Government of Bombay

would be pleased to place the following recommendation before the Government of India for adoption :—(a) That a system of licensing be instituted with regard to the export of petrol from India ; (b) That a duty be levied on the export of petrol from India. The Director of Civil Supplies Government of Bombay, in reply stated that the question of increasing the petrol supply to Bombay and the question of restriction of export out of India were carefully examined and it was considered that the required increase of supply could be otherwise arranged and that no useful purpose would be served by restricting foreign exports. Petrol was sufficient in the ports of Calcutta, Karachi and Madras and the main reason for the shortage in Bombay was the absence of Bulk Petrol storage and the landing facilities for bulk petrol. The letter also stated that a largely increased supply of petrol could and would be secured for Bombay without restricting the exports ; that arrangements were being made to increase the supply from Madras by an extra supply of 50,0000 gallons per week beginning from the latter part of June. In addition efforts were being made to secure or have constructed Petrol Tank Railway wagons which would further facilitate the supply. For these reasons it was not necessary to consider the question of restricting the foreign exports of Petrol or licensing the same.

83. Restrictions on the entry of enemy aliens into India :

The Committee in their letter No. T. 766 dated the 15th April drew the attention of the Government of India, Department of Industries, that for several technical purposes especially those connected with engineering and the chemical dyeing and bleaching etc., it was necessary to import a large number of skilled men from Europe. Such skilled men were not available on suitable terms in the United Kingdom, but they were available from Germany and that too on wages which compared very favourably with the wages asked by the foremen, engineers and chemists from England. Under the circumstances the restrictions on the entry of enemy aliens into India obviously placed Indian Industries at a disadvantage. The Committee therefore requested the Government of India to have an explicit statement of the objects of the continuance of such restrictions. The letter also stated whether in cases of selected applications for entry of skilled technical men from the ex-enemy countries the necessary permission could be granted by the Government of India. The Government of India in reply enclosed for the information of the Committee a copy of the two Government Press Communiques which

were issued in November 1919 and January 1920 announcing the policy of Government in respect of the admission into or exclusion from India of ex-enemy aliens. The object underlying the continuance of the existing restrictions was to prevent the revival of the mischievous propaganda which was done by German residents before the War. With regard to the request made by the Chamber regarding selected cases of applications for entry the Government of India stated that they would be prepared to consider any individual cases submitted to them on its merits but could hold out no prospects of such a case receiving favourable consideration unless a very strong case was made out for the employment of ex-enemy aliens in preference to British or non enemy foreigners:

84. Proposal for representation of the Chamber on the Advisory Council of the Sydenham College of Commerce :

The Committee requested the Government of Bombay, Educational Department, to be pleased to provide for at least two seats being given to the Chamber on the Advisory Board of the Sydenham College of Commerce as at present only the Bombay Chamber of Commerce and the Bombay Millowners' Association had a right of sending representatives on that Committee. The letter also stated that the Commerce college should keep itself in touch with all the commercial interests of this City and there was no reason for restricting representation of commercial interests only to the Bombay Chamber of Commerce and the Bombay Millowners' Association. The necessity for representation of the Chamber on the Advisory Committee became the more apparent in as much as the College was not really an academic institution but was concerned with the practical trade, commerce and industries of this City. The Committee in conclusion said that their request should be granted and arrangements should be made at an early date for having their representatives on the Advisory Board of the College.

85. Representation made by the Chamber to the Committee of Industrial and Technical Education in the Bombay Presidency :

Mr. K. H. Vakil, the representative of the Chamber on the Committee of Industrial and Technical Education in the Bombay Presidency sent a representation to that Committee through this Chamber embodying in the main a proposal for the establishment of Higher Technical Institutions for Indians. The representation also urged the Committee not to

subordinate the consideration of higher technical education to the other lower grades of technical education or what was popularly known as the Mistry type of education. Details of this representation were already published in the press.

86. The proposal for a new building for the Sydenham College of Commerce and Economics :

The Committee being informed that there were about 400 applications for admission at the beginning of this year from which only about 75 applications were entertained because of want of space, recommended to the Secretary to the Government, Educational Department to be pleased to take immediate steps for the location of the College in a specious building which would not be outside the precincts of the Fort, as the College was conducting several classes which were attended by clerks of commercial and industrial firms situated in the Fort. The Government of Bombay, Educational Department, in reply stated that owing to the present financial stringency and difficulty in finding a suitable site at a reasonable cost it had not been found possible to commence the construction of a building for the Sydenham College of Commerce and Economics and that the whole scheme of constructing a building for the College on a suitable site was under the consideration of the Government of Bombay.

87. Import duty on raw rubber :

The Committee forwarded to the Secretary to the Government of India, Commerce and Industries Department a representation made by Messrs. Manu Subedar & Co. in connection with the remission of Customs Duty on raw rubber. The representation stated that if under the present wordings of the Indian Tariff Act raw materials like rubber were not exempted from duty Government should consider the possibility of an amendment which would make importation of raw rubber free. The Government of India, Commerce Department, in reply stated that they had given their careful consideration to the representation made by the Company; instead they regretted that they were unable to accede to their request. On considering the Government reply the Committee resolved again to write to the Government of India, Commerce Department, urging on them the advisability of reconsidering the matter. A letter was accordingly sent to the Government of India saying that when raw materials like cotton and wool were imported free of duty there was no reason why raw rubber should be charged with a heavy duty. The Government of India in reply stated that they were unable to reconsider the orders passed on the representation of Messrs. Manu Subedar & Co. on the subject.

88. Sugar Bureau, Pussa :—

A letter was received from the Sugar Bureau, Pussa, requesting the Committee to suggest what information of statistical and other nature relating to sugar was likely to be useful to the trade to be published by that Bureau. The Committee in reply sent a telegram suggesting the following :—

- (a) Collection of information regarding Indian sugar-cane crop from each presidency and Native State and publication thereof in the Indian Trade Journal.
- (b) Collection of information regarding out-turn, condition, prices at source and publication thereof.

The Committee suggested that information regarding consumption of sugar in different countries in the world, though of general interest, might not be published. Information regarding sugar production, their prices, their market. etc., would be available from foreign journals and Consular reports. That the best course, according to the Committee's proposal, would be the publication of a quarterly devoted to sugar-cane cultivation containing besides the above information also the papers contributed by the Department of Agriculture on 'The Indian Sugar-cane cultivation.'

89. Taxation on Foreign Banks :—

One of the members of the Finance Sub-Committee of the Chamber had made a proposal that the Government may be requested to consider the question of taxation on foreign Banks as it was likely to prove a source of considerable revenue to Government and also likely to assist local banking institutions.

The Committee after a careful consideration of the matter made a representation to the Government of India, Finance Department, that owing to a large multiplication of the branches of Foreign banks in India during the last two years the Government would do well to introduce some safeguards in the matter of controlling foreign banks in India. Quoting as a specific instance the failure of the Banque Industrielle des Chinie, the Committee further suggested that it would be a valuable source of revenue to the Government, if they devised some means of taxing foreign banks.

90. Currency Committee :—

The Committee of this Chamber being informed that a Currency Committee was to be appointed by the Government of India, a telegram was sent to the Secretary, Government of India, Finance Department, suggesting that in the event of such a committee being appointed it should have an Indian Chairman and a majority of Indian Members elected by leading Indian Chambers of Commerce and representative bodies and that it should have its sittings held in India failing which the Committee was not likely to command public confidence.

91. Proposal for a public meeting under the auspices of the Chamber to support a deputation of the Kenya colony that was to wait on the Colonial Secretary in London.

A proposal was made by one of the members of the Committee that the Chamber should convene a public meeting of the citizens of Bombay to support the demands of the deputation of Kenya Colony that was to wait on Mr. Churchill in London.

The Committee resolved authorizing the Secretary to let the name of the Chamber be used, if any two bodies out of the following agreed to convene a public meeting of the citizens of Bombay to support the demands of the deputation of the Kenya Colony :—

- (1) The Imperial Indian Citizenship Association.
- (2) The Indian Colonial Merchants' Association.
- (3) The Bombay Presidency Association.

92. Economic survey of Tanganyika Territory :—

A letter was received from the Chairman, Imperial Indian Citizenship Association enclosing copy of a resolution of the East African Indian National Congress held in December 1920 in connection with the proposal to have an economic survey of the territory with a view to participation by Indians in its development. The resolution embodied a request to the Indian Imperial Citizenship Association to send a deputation of some leading Indians representing the Indian Merchants' Chamber and Bureau, the Mill Owners' Association, the British India Colonial Merchants' Association, the Imperial Indian Citizenship Association, the Grain Merchants' Association and the Native Piece Goods Merchants' Association to study the position of Tanganyika territory for Indians on the

spot from Indian point of view in its commercial and political aspects. With reference to the above resolution the Committee was requested to give its opinion whether it was desirable to send such a deputation and in that case what arrangement the Committee would propose to meet the cost of the deputation.

The Committee in reply wrote to the Secretary, Imperial Citizenship Association, that in their opinion instead of sending a deputation of leading Indians to East Africa it would be more advisable to send a representative duly nominated by the various leading Indian Chambers of Commerce and Associations in India who might be capable of studying the questions from the Indian point of view and to submit a comprehensive report thereon. It was also stated that, if the suggestion made by the Committee met with the approval of associations, they were willing to contribute their quota towards the general cost for such a deputation.

93. The Munitions fraud case :—

The attention of the Committee being drawn to the withdrawal of case against the accused in the Calcutta Munitions Board case a representation was made to the Secretary to the Government of India, Commerce Department, Simla, protesting against the withdrawal of the case. Some time after the despatch of this representation the Government of India issued a press communique on the 28th August 1921 explaining further the position of the Government in the matter. This Government communique being considered by the Committee a further representation was made to the Government of India, Industries Department, expressing their satisfaction at the just and high minded declaration issued by His Excellency the Viceroy but protesting against the decision of the Government that the withdrawal of the case was irrevocable. The Committee pointed out that so far as they were aware there was no provision in the Code of Criminal Procedure compelling a decision to withdraw a prosecution before the charges were framed to be final and irrevocable. If there was any such provision, giving the case withdrawn, the character of *res judicata* it would have been more correct on the part of the Government to have based on that letter of law their decision not to continue with prosecution. The Committee also stated that if the Government still considered that the prosecution could not be resumed when once it was withdrawn and were satisfied that the law so demanded, they suggested the appointment of a representative commission presided over by a member of the judiciary to enquire not only into the merits of the particular case but generally

into the conduct of affairs of the Munitions Department in its relation to the purchase of munitions during the war.

On the resignation of Sir Thomas Holland as Member in charge of the Industries Department the Committee sent a telegram to the Private Secretary to His Excellency the Viceroy congratulating His Excellency on the firm manner in which he had handled the situation arising out of the withdrawal of the Munitions case. The Committee also suggested that His Excellency's Government should take the opportunity of appointing a non-official Indian with wide experience as Member in charge of the Industries Department.

In reply to the Committee's letter referred to above the Government of India sent a long letter stating their objects and reasons for not resuming the prosecution against the accused. It was stated that the circumstances in which the prosecution in the original case was withdrawn were the subject of so much comment in the public press and the merits of the case were so fully discussed that the Government must adhere to their decision that it would not be proper to resume the prosecution. To the Committee's alternative suggestion that, in the event of their decision not to institute fresh proceedings being maintained, a representative Commission should be appointed to inquire not only into the merits of the particular case but generally into the conduct of the affairs of the Indian Munitions Board in its relation to the purchase of supplies during the War, the Government of India replied that a similar suggestion was made by Sir Thomas Holland himself but after giving the proposal their most careful consideration they had to express their regret that they were unable to accept the proposal. The inability of the Government mainly rested upon among other reasons: (a) the wide range of activities of Indian Munitions Board; (b) the fact that as the result of Police investigations certain criminal proceedings were already commenced and while they were sub-judice the Government of India thought that it would be neither useful nor proper to appoint a Commission of inquiry to investigate the activities which were the subject of judicial proceedings; (c) that the frauds which came to light were connected mainly with false certificates given in support of quality and quantity of the stores billed for and as the examination of the quality and quantity of the various articles purchased by the officers of the Indian Munitions Board was not possible as the articles were either consumed or sold as surplus stores no useful purpose would be served by undertaking such an examination from a practical point of view. It was resolved to record this letter.

94. Proposal to exempt from customs duty unset precious stones imported cut :

At the instance of one of the members of the Committee a representation was sent to the Government of India, Commerce Department, Simla, that as dealers in precious stones were placed at a disadvantage owing to the levy of 11 per cent. customs duty on unset precious stones imported cut they might be admitted free of duty. In reply a letter was received from the Government stating that the whole question was fully considered by the Government of India in the year 1916 and that they decided to exempt from duty unset precious stones only when imported uncut. They therefore regretted that they were unable to see sufficient reasons for modifying their decision.

95. Amendment of Sections 85 and 131 of the Negotiable Instruments Act, 1881 :

The attention of the Committee was drawn to the desirability of writing to the Government of India for the amendment of Sections 85 and 131 of the Negotiable Instruments Act.

Section 85 of the Negotiable Instruments Act laid down that where a cheque payable to order purported to be endorsed by or on behalf of the payee the drawee was discharged by payment in due course. According to Section 7 payee was defined to be the person named in the instrument to whom or to whose order the money was by the instrument directed to be paid. It was therefore contended that the protection afforded by Section 85 would not extend to the case where the cheque was endorsed by the payee and the banker paid it on an endorsement which was the forgery of the name of the endorsee. The suggested amendment was to place the position of the paying bankers on a more satisfactory basis as it was not possible for them to know the signature of the endorsees of various cheques. Section 131 laid down that a banker who had in good faith and without negligence received payment for a customer of a cheque crossed generally or specially to himself should not in case the title to the cheque proved defective incur any liability to the true owner of the cheque by reason only of having received such payment. It was contended that the protection did not extend to cases in which a banker credited his customer's account with the amount of the cheque or otherwise gave consideration for the same before realisation as in that case he could not be regarded to have "received payment for a customer". The amendment to this Section was to the effect that since the position of the

collecting bankers was not safe the sooner the law on the point was amended the better as it would be for the expansion of banking business in the country.

The matter being referred to the Finance Sub-Committee they were of opinion that the amendment of Section 131 of the Act might be proposed but that they were not in favour of proposing an amendment of Section 85, as in their opinion the section already covered up the case contemplated by the proposed amendment. With regard to Section 131, it was proposed to write to the Government of India, Department of Commerce, suggesting an amendment of the same. A representation was accordingly made to the Government of India, Commerce Department, Simla, suggesting that as the protection afforded by the section did not extend to cases in which the banker credited a customer's account with the amount of the cheque or otherwise gave consideration for the same before realisation the section might be so amended as to extend that protection to collecting bankers in cases where they credited their customers' account with the amount of the cheque before receiving payment thereof. With regard to the other section it was resolved to write to the Government of India, Legislative Department, Simla, requesting them to favour the committee with their opinion as regards the correct interpretation of the section. In reply a letter was received expressing regret that the Government did not undertake to advise private individuals and associations as to the correct interpretation of statutes. With regard to the Committee's representation on section 131 the Government of India, Commerce Department, replied that the letter of the Committee was sent to the Finance Department for consideration. The matter is yet under correspondence.

96. Tariff Commission :

A letter was received from the Secretary, Indian Fiscal Commission, Simla, forwarding copies of list of questions prepared for the witnesses giving written evidence for the Commission and saying that the Commission would be glad to receive the views of the Chamber on such of the points as they might wish to deal with. It was resolved to appoint a Sub-Committee to go into the whole question and to draft a memorandum to be submitted to the Indian Fiscal Commission.

97. Railway siding for Detroj Ginning Factory :

The attention of the Committee was drawn by the proprietor of the Detroj Ginning Factory to the unusual delay on the part of the B.B. &

C. I. Railway Company in the matter of constructing a siding at their factory at Detroj. It was resolved to write to the Government of India, Railway Department, requesting them to inquire into the matter. It was also resolved to write to the Director of Industries, Bombay, requesting him to move the proper authorities in the matter and thereby help the trade. In reply to the representation made to the Railway Board a letter was received from the Railway Department, Government of India explaining that as the preliminary negotiations regarding such projects as the construction of a siding usually took considerable time the inconvenience caused to the Factory could not justly be attributed to any undue delay on the part of the B. B. & C. I. Railway administration. It was however stated that instructions were issued to take the work in hand and it was hoped that the work would be commenced shortly. The Director of Industries, Bombay, sent a reply stating that the Committee's letter was placed before the Advisory Committee for the Development of Industries on the 12th of October. The Committee were of opinion that the case cited by the Chamber was not a very strong one at least so far as the delay since the payment of the estimated cost was concerned. As the advisory Committee also deemed it desirable to have further particulars regarding the whole case for their further information a copy of the letter addressed by the Committee to the Railway Board containing full particulars regarding the case was sent to the Department of Industries. The matter is still under correspondence.

98. Proposal for the Chamber's representation on the Advisory Committee of the Sydenham College of Commerce :

A representation was sent to the Government of Bombay, Educational Department, requesting them to be pleased to provide for at least two seats for the Chamber on the Advisory Board of the Sydenham College of Commerce. The Chamber was represented on the Committee since its inception up to recently when the representation was dropped in the formation of the new Committee by the Government. The Advisory Committee as constituted contained only the representatives of the Bombay Millowners' Association and the Bombay Chamber of Commerce and the Committee of the Chamber therefore saw no reason why they should not be asked to send their representative on the Advisory Committee as before. In reply a letter was received from the Educational Department, Government of Bombay, stating that the Chamber ceased to be represented on the Advisory Board of Sydenham College of Commerce

as they discontinued their contribution towards the maintenance of the College. It was resolved to record this letter.

99. Indian Passengers' and Traffic Relief Association :

A letter was received from the Secretary of the Association stating that as the association had no proper organisation and funds his committee would feel obliged if the Chamber would take over the work of the Association and continue it. In reply a letter was sent to the Hon. Joint Secretaries of the Association stating that as the Association rendered very valuable service to the public in the past it should not be extinct merely for want of organisation and financial support. It was therefore desirable in the opinion of the Committee that the Association should continue to do the work which was done by it in the past. It was however resolved to support the Association in carrying on its work by providing accommodation for one of the clerks of the Association in the office of the Chamber. The Committee, however, reserved to themselves the right of cancelling the above arrangement whenever it was found to be either unsatisfactory or unworkable.

100. Return of Election Expenses :

A letter was received from the Legal Department, Government of Bombay, forwarding a copy of the Government of India's letter No. 910-1, dated 15th October 1921, requesting the Committee to send at an early date their opinion on the matter contained in para. 2 thereof. The para contained a reference to Rule No. 18 (1) of the Council of State, the Legislative Assembly and the Bombay Legislative Council Electoral Rules regarding the submission of the return of election expenses. The Government of India expressed it as their opinion that it would serve no useful purpose to lay down that the total expenditure of all kinds that might be incurred by a candidate in any constituency or any class of constituency should not exceed a prescribed maximum, e. g., to mention a figure that was suggested, Rs. 6,000. What they really required was rather a detailed schedule such as the English law prescribed which should specify the objects on which expenditure would be permissible and the amount that might be incurred in connection with each of them. The Committee in reply sent a letter to the Secretary to the Government of Bombay, Legal Department, stating at the outset that the last year's elections furnished no solid basis for arriving at a definite maximum amount of expenses which a candidate might incur in connection with his candida-

ture. They were, however, of opinion that the contemplated maximum should be as low as possible in order that a candidate of modest means might stand a fair chance of success as against his brother candidate of powerful means. As regards the submission by the candidate of a detailed schedule of expenses the Committee stated that they were not in a position to give their views as they were not in possession of a copy of the English Schedule referred to in the Government of India's letter. They, however, expressed it as their opinion that the candidates might be required to submit only a general division of charges incurred by them in connection with their candidature in the Councils instead of a detailed schedule as contemplated by the Government.

101. Taxation of Foreign Banks:

In reply to the representation made by the Committee to the Government of India (*vide* item No. 89) a letter was received from the Government of India, Commerce Department, stating that they were unable to accept the proposal made by the Committee to impose differential taxation on foreign banks in India as it would be inconsistent with the policy of increasing banking facilities in the country. It was resolved to record this letter.

102. Exclusion of the products of the Alembic Chemical Works Company of Baroda from the Punjab:

In reply to the representation made by the Committee to the Government of the Punjab in this matter (*Vide* item No. 4) a letter was received from the Secretary to the Government of the Punjab, Transferred Departments, stating that they had decided after long and anxious consideration not to comply with the request of the Chamber. It was also stated that though the exclusion of that concern's products from the Punjab might incidentally give a certain amount of preference to foreign liquors the Government however hoped that with the growth of temperate habits it would be possible in time to diminish and ultimately to reduce to a vanishing point imports of foreign liquors. On the other hand, Indian liquor industry if encouraged to develop would not only be difficult to uproot but would become a formidable barrier in the way of temperance reform. It was resolved to record this letter.

103. Over-crowding of passengers on board s. s. "Karoa":

A telegram was received from the Indian National Association, Zanzibar, regarding overcrowding on s. s. "Karoa". It was alleged that

she carried more than 1,700 passengers. On enquiry being made through the Government of India, Commerce Department, a letter was received enclosing for the information of the Committee a copy of a statement showing the actual number of passengers carried on board s. s. "Karoa" during her voyage from Durban to Bombay. The statement disclosed the fact that the maximum number of passengers carried by the s. s. "Karoa", during any part of her voyage was only 1,000 and not 1,700 as alleged. It was further stated that as the maximum number of passengers allowed for that voyage was 1,089 there was no overcrowding rendering the master or the owners of the vessel in question liable under Section 38 of the Native Passenger Ships Act, 1887.

104. Address to H. R. H. the Prince of Wales :

On the 22nd November 1921 an address of welcome was presented to H. R. H. the Prince of Wales on behalf of the members of the Chamber.

105. Interview with the Hon'ble Sir Chimanolal H. Setalvad, Member-in-Charge of the Development Department, Government of Bombay.

A meeting of the Committee was held on Friday the 23rd September 1921 to discuss with the Hon'ble Sir Chimanolal H. Setalvad, Member-in-charge of the Development Department, certain questions relating to his Department. Mr. Lalji Naranji, the Chairman of the Chamber was in the Chair. The following questions were discussed :—(a) the transference of the Development Department from a Reserved into a Transferred Department ; (b) the constitution of the Advisory Committee of the Development Department ; (c) purchase of stores by the Development Department ; (d) the development of suburban areas and (e) the Backbay Reclamation Scheme. At the close of the discussion the Chairman regretfully informed the Hon'ble Member that the Committee was not satisfied with the replies given by him on some of the most vital questions affecting the Development Department and assured the Hon'ble Member that if the Government were not prepared to pay due respects to the opinions expressed by the Committee he feared public feeling would be acute on the question. In conclusion the Chairman thanked the Hon'ble Member for having kindly given the interview to the Committee and the proceedings of the meeting then terminated.

106. Public Meeting held under the auspices of the Chamber to protest against the Bombay Development Department.

A public meeting was held in the Town Hall on Saturday, the 22nd October 1921, under the auspices of the Chamber to protest against the Bombay Development Department and to move the following resolutions :—

Resolution No. I.

That this public meeting of the citizens of Bombay held under the auspices of the Indian Merchants' Chamber and Bureau puts on record its sense of grave dissatisfaction at the refusal of the Government of Bombay to make the Development Department a "Transferred" subject, and considers that their action in having treated, and in continuing to treat it as, a "Reserved" subject is a breach of the constitution and a usurpation of a function intended by the Legislature to be transferred to popular control.

Resolution No. II.

That in the opinion of this public meeting the Committee associated with the Development Department should in any case be more representative of all interests, should have more powers of control and should act as an administrative Committee rather than an advisory Committee.

Resolution No. III.

That in the opinion of this public meeting the Development Department of the Government of Bombay should adhere in the question of suburban development to the Town planning principle instead of to the principle of wholesale acquisition.

Resolution No. IV.

That the Chairman of this meeting be authorised to send to the Government of Bombay, the Government of India, and the Secretary of State for India the resolutions passed at this meeting.

Vote of thanks to the Chair.

Before the proceedings of the meeting commenced there was some disturbance in the meeting over the question of the election of the chairman. Ultimately Mr. K. K. Suntoke was elected to the chair as the audience refused to accept the Chairman of the Chamber as Chairman of the public meeting. The rest of the proceedings were conducted in a comparatively calm mood and the resolutions stated above were passed.

Subsequently a letter was received from Mr. K. K. Suntoke requesting the Secretary of the Chamber to furnish him with printed copies of the resolutions passed at the meeting together with forwarding letters to be sent under his signature to the Government of India, to the Government of Bombay and to the Secretary of State for India as stated in the last resolution. The letter being placed before the Committee of the Chamber the following resolution was passed :—

“ The Committee resolves that in view of the disorder that prevailed at the Public Meeting held in the Town Hall on Saturday, the 22nd October 1921, they do not wish to have anything to do with the proceedings of the said public meeting and that they cannot therefore authorize Mr. K. K. Sautoke to send any resolutions to, or carry on any correspondence with any party whatsoever in the name of the Chamber.”

107. Proposal to notify holidays under the Negotiable Instruments Act in honour of the visit of H. R. H. the Prince of Wales :—

The Committee were consulted regarding a proposal to notify Thursday the 17th and Monday the 21st November 1921 as holidays, one of these at least to be a public holiday under the Negotiable Instruments Act. The Committee approved of the Government's suggestion to have two holidays in honour of the occasion of the visit of His Royal Highness the Prince of Wales to Bombay. With regard to the second suggestion of making one of these a public holiday under the Negotiable Instruments Act, they suggested that Thursday the 17th November 1921 would be more suitable.

108. Deputation to His Excellency the Viceroy :—

On the suggestion of one of the Members of the Committee a letter was addressed to the Private Secretary to H. E. the Viceroy on 27th October 1921, inviting reference to the reply of His Excellency the Viceroy to the address presented by the Chamber. It was pointed out that it was over 6 months since the reply was given and the Committee felt that to those grievances and problems to which they referred in the course of the address they did not receive any authoritative replies or assurances from H. E. the Viceroy. A list of questions on which the different Departments of Government were addressed was also appended. It was pointed out that on some of these matters the Committee had not secured any acknowledgments, in other cases any assurance or explanation or informa-

tion and in almost all cases considered suggestions emanating from them as representing Indian commerce had been evidently ignored. The Committee further stated that the continuance of the state of affairs in which Indian commercial opinion was persistently disregarded unfortunately strengthened the forces of discontent and shook public confidence in the assurances given by His Excellency's Government to render in all matters even-handed justice to Indian interests. In conclusion, the Committee respectfully urged that His Excellency the Viceroy should give them an opportunity of waiting on him at the next occasion when he came to Bombay. In case His Excellency's engagements at that time did not permit of that course the Committee requested that a convenient date should be fixed for a deputation on behalf of the Chamber to wait on His Excellency at Delhi. The Committee are awaiting the reply.

109. Indian Shipping :—

A representation was sent to the Government of India, Commerce Department, Delhi, on 6th December 1921, regarding Indian Shipping in general and the Government contract with the P. O. Company for the carriage of Eastern mails in particular. It was pointed out that as the contract which the Government had with the P. & O. Company, Limited, expired on 31st January 1924, the Government should not renew the contract without giving the various Commercial Associations and Chambers of Commerce an opportunity of examining the terms of the said contract and offering their suggestions in respect thereof. With regard to Indian Shipping the Committee offered the following suggestions :—

- (1) Preferential treatment to be given to Indian shipping in the matter of Mail contract ; (2) Preference to be given to Companies registered in India for coasting trade ; (3) Government should use their utmost influence in securing the shipping Companies registered in India preferential treatment for dock-dues and berthing charges ; (4) Monetary help to Indian-owned Companies in the form of subsidies, cheap rate of interest, special facilities for ship building and preferential tariff for ship building materials, and special facilities for Indian students for learning the art of ship building and navigation ; (5) Companies subsidised must encourage Indians in the position of officers ; and (6) a small Committee be appointed to suggest such acts as may be necessary for the development of Indian shipping in general.

110. Proposal for Chamber's representation on the Senate of the University of Bombay :—

The Committee being informed that the constitution of the Senate of the University of Bombay was being revised and widened, it was resolved to make a representation to the Registrar of the University of Bombay saying that the Senate of the University would be pleased to grant to the Chamber the privilege of electing at least two representatives to the Senate of the University. The matter is yet under correspondence.

111. Practice guiding Chamber's representatives on public bodies in the matter of voting on important matters :—

A letter was received from the Secretary, Mysore Chamber of Commerce, requesting to be informed of the practice which guided the Chamber's representatives on the public bodies in the matter of voting on important matters. He further enquired whether the representatives were guided by the wishes or orders of the Managing Committee of the Chamber or they were absolutely free to record their votes in accordance with their own personal views on any particular question. In reply he was informed that the Chamber's representatives generally voiced the views of the Committee when they had a direct mandate from them to that effect. They were, however, not precluded from expressing their own views on any particular matter but whenever they had any occasion to do so they were expected to put in a remark to the effect that the particular views expressed by them were their own individual views and not those of the Committee.

112. Congestion in the Goods Yard at Wadi Bunder and Carnac Bunder :—

The attention of the Committee being drawn to the irregular and fitful manner of booking goods in the goods offices at Wadi Bunder and Carnac Bunder it was resolved to make a representation to the Goods Superintendent in the matter. With a view to remedy the hardships the Committee submitted the following recommendations :—(1) That greater number of days should be allotted to the booking of traffic than at present ; (2) that special days should be assigned for the booking of traffic of special stations and notice thereof should be given to the merchants at least 24 hours before the commencement of the time fixed for receiving goods for that particular station.

113. Statistics relating to Foreign Insurance Companies :

On the recommendation of one of the members of the Chamber, the Committee sent a representation to the Government of India, Department of Commerce, suggesting that Indian and foreign Insurance Companies should be required to submit the amount of annual premium income collected in India from fire, marine and other insurances and that foreign Life Assurance Companies should be required to state separately the Indian premium income as distinct from the total premium income. In reply the Committee were informed that the question was a very intricate one and as it could not be considered as urgent Government preferred to await the action taken on the report submitted last year by the Industrial Assurance Commission as well as any legislation which might be considered necessary in the United Kingdom to bring re-insurance and marine insurance business within the purview of the Assurance Companies Act of 1909 before undertaking any fresh legislation in India. It was also stated that the Government of India recognised that there was much to be said for the Committee's suggestions which would be carefully considered when amendment of the Indian Insurance Law was taken up. The question was also discussed with Mr. H. A. F. Lindsay, Secretary to the Department of Commerce, Government of India, on 7th November 1921. After making inquiries he informed the Committee that the industries Assurance Bill was only just introduced in the House of Lords and might considerably be modified before it was finally passed. Secondly Assurance Companies in India which also carried on Life Assurance business in the United Kingdom in accordance with the English Act, 1909, were required to submit to the Government of India only the returns they furnished to the Board of Trade. Though these returns were more elaborate than those prescribed under the Indian Life Act they did not show separately the particulars relating to the Indian business. With regard to the question whether the foreign companies of this class were required to lodge with the Controller of Currency deposit similar to those required of the Indian Companies it was stated that as the Indian Act stood at present non-Indian Companies might be exempted in that respect. It was also added that both the points were noted for consideration when the Indian Act came up for an amendment.

114. Interview with Mr. H. A. F. Lindsay, I. C. S.

The Committee had an interview with Mr. H. A. F. Lindsay, Secretary to the Department of Commerce, Government of India, on the 17th

November 1921, to discuss the annual tariff revaluations and other questions relating to his Department. The Chairman after welcoming him drew his attention to the fact that as the tariff schedules were received only three or four days before the interview it was not possible to collect the views of various trade representatives in the matter. He also requested that in future the schedules might be sent to the Committee at least a fortnight before the date of the interview fixed for the consideration of those schedules. After some discussion on the schedules the following points were discussed :—

(1) Allowance to appraisers in the Customs Department : in this connection Mr. Lindsay's attention was drawn to the correspondence between this Chamber and the Government. Mr. Lindsay promised to enquire into the matter ;

(2) Customs duty on the imports of spare parts of machinery : in this connection Mr. Lindsay informed the Committee that the Government were going to appoint a special Committee which would consider the subject and the Chamber would be allowed an opportunity of expressing its views on the same ;

(3) Control of coal : after a long discussion Mr. Lindsay informed the Committee that the Government did not contemplate to remove the control at present and inquired if the Committee were of opinion that the control should be removed. The Committee replied in the affirmative. Mr. Lindsay noted down this opinion expressed by the Committee.

(4) Reorganisation of the Commercial Intelligence Department : the Committee requested Mr. Lindsay to give full details in the matter. Mr. Lindsay in reply stated that as the Commercial Intelligence Department was not able to keep itself in close touch with the commercial conditions in all parts of India it was decided to open branches in big trade centres. He assured the Committee that competent Indians would be appointed as Officers in these branches.

(5) Appointment of an Indian Assistant Trade Commissioner in East Africa : in this connection Mr. Lindsay informed the Committee that the appointment was not yet decided upon.

(6) Railway Administration : Mr. Lindsay said that the Government are considering the recommendations of the Indian Railway Committee.

(7) Indian Shipping : the Chairman said that the Committee were informed that the Government did not afford an opportunity to Indian Shipping Companies to compete with the English Companies in the carriage of coal.

(8) Statistics from foreign Insurance Companies : in this connection Mr. Lindsay took down all the points mentioned by the Committee.

(9) Rice Control : the Committee suggested that in case the quantity of rice was sufficient the Committee saw no objection to the control being removed. Mr. Trivedi then discussed the tariff values relating to iron and steel and suggested certain changes. Mr. Madan did the same in connection with sugar. The Chairman thanked Mr. Lindsay for giving an interview to the Committee. The proceedings of the meeting then terminated.

115. Purchase of Government Stores.

(a) Copies of letters from the Government of India Nos. S/183 and S/217, dated 29th March 1921, and accompaniments containing the proposals of that Government from the report of the Stores Purchase Committee were forwarded to this Chamber for their opinion by the General Department, Government of Bombay. The Committee sent their views in their letter, dated 29th September 1921, stating that they regretted very much that in the formation of the new rules Government had entirely disregarded the conclusions of the majority report of the Stores Purchase Committee and adopted the report of the minority. The principal features of the new rules that were criticised by the Committee were as follows: (1) the hedging in of purchases by officers in this country with such impossible restrictions as the furnishing of proofs that it was not bought at a more unfavourable price than in England; (2) the need of the purchasing officer's satisfying himself that the greater part of the articles purchased was manufactured in this country. After criticising the various rules in detail the Committee stated that the only right system according to them would be (1) that there should be no Stores Department in London but only a subordinate inspecting agency provided with necessary technical staff; (2) that all purchases should be made by tenders called for in this country for the goods to be delivered at the point of consumption in this country and in the currency of this country; (3) that where the successful tenderer was some manufacturer in the United Kingdom, the service of the London Inspectorate be requisitioned;

(4) where the suppliers were not from the United Kingdom the goods should be inspected and passed by the Stores Purchase Department in India ; (5) wherever possible goods made in India should have preference as there would be indirect benefits from the provision of additional work for its people and from the creation of necessary industries and the finances of the country would be immensely strengthened by so much less money having to be paid out for the imported goods ; (6) that in so purchasing in India no disability should be imposed on manufacturers here because some or even a large part of its component parts was imported. In conclusion the Committee pointed out that the rules as framed did not appear to have been framed so much with a view to put the business of the purchase of stores for India on a business like footing as to justify the existence of the London Stores Department and to divert all possible business to it.

(b) The attention of the Committee being drawn to the Government communiqué dated 30th September 1921, on the subject of purchasing locomotive engines, etc., in India another letter was sent to the Government of India, Department of Industries, pointing out the unsatisfactory conditions contained in certain clauses of the said communiqué.

116. Licence granted by the Government to the Bombay Telephone Company.

A letter was addressed to the Public Works Department, Government of Bombay, enquiring if their attention was drawn to the public complaints against the Bombay Telephone Company, Ltd., and particularly to the correspondence which had passed between the two Chambers of Commerce and the Telephone Company. As the Telephone Company was a public utility concern it was bound to give facilities and convenience to the public. The Committee desired to know if there were any restrictions in the licence under which the Company was working at present and what steps Government proposed taking to ensure regular service to the public. In reply a letter was received from the Revenue Department, Government of Bombay, to which the above letter was transferred for disposal, stating that Government were not aware of the correspondence between the Chambers of Commerce and the Bombay Telephone Company and that there were no provisions in the licence which enabled the Government to interfere with the working of the Company in the direction of securing an improved service to subscribers. The Committee in

reply stated that they were very much surprised to learn that there were no provisions in the licence enabling Government to interfere with the working of the Company in the direction of improved service. The Committee protested emphatically against the renewal of the licence without introducing therein proper safeguards to ensure a satisfactory and efficient working on the part of the company. The Committee also requested to be supplied with a copy of the licence. The Government of Bombay in reply forwarded a copy of the licence adding that the question of renewing the licence was under the consideration of the Government of India who were informed of the complaints about the present unsatisfactory service. It was also stated that in case the licence was to be renewed the Government would consider the desirability of introducing in it a provision giving them powers of interference with a view to secure efficient service to the public. The Committee in reply submitted that the Government of Bombay should in no case renew the licence of the said company without introducing therein sufficient safeguards against bad management and without affording to leading commercial Associations of Bombay an opportunity of recommending such safeguards as might be necessary for the proper, efficient and up-to-date management of the Bombay Telephone Company. Copy of the above letter was forwarded to the Government of India for information.

117. Increase in the wharfage charges made by the Bombay Port Trust :

The attention of the Committee being drawn to the inordinate increases in the wharfage charges made by the Bombay Port Trust it was resolved to write to the Secretary, Bombay Port Trust, requesting him to supply the following information :—The exact amount of increases made in the existing charges with reasons for the same ; whether the opinions of public bodies were invited before effecting increases ; if so, the Committee inquired as to why they were not consulted along with other public bodies ; if not, the Committee further inquired as to what urgent reasons prompted the Port Trust to carry through a measure of that magnitude without consulting the general public in the matter ; whether the sanction of the Government was obtained before making the increases.

The Committee also requested to be supplied with a copy of correspondence which might have passed between the Government and the Port Trust on the subject.

118. Public Lecture by Pandit Madan Mohan Malaviya on "Industrial regeneration of India and how to achieve it."

Under the auspices of the Indian Merchants' Chamber and Bureau, a public lecture was delivered by Pandit Madan Mohan Malaviya on Saturday, the 20th August 1921, at the Excelsior theatre, Bombay, on "Industrial Regeneration of India and How to achieve it".

119. General Meetings of the Members of the Chamber held during the year under report :—

(1) *Quarterly General Meetings of the Chamber :*

In accordance with Rule No. 9 of the Rules and Regulations of the Chamber the Quarterly General Meetings of the Chamber were held on 29th January, 14th May and 26th July 1921 to adopt the report of the Proceedings of the Committee held during each successive quarter.

(2) *Boycott of Councils :*

A requisition was received to call a meeting of the General body to discuss the Chamber's attitude towards the question of boycott of Councils. A meeting of the General body was accordingly held on the 6th November 1920 in the rooms of the Blakesly Lodge of the Theosophical Society, Apollo Street, Bombay. Mr. Lalji Naranji, the Chairman of the Chamber presided. Mr. I. R. Tairsee moved the following resolution :—"The Government of India have on one hand put forward the Reforms Scheme and on the other hand have of late pursued a policy which is unjust, arbitrary and very detrimental to Indian interests in regard to Currency, Exchange, Reserve Councils, export of hides and control of rice; they have ignored the representations, suggestions and protests of this Chamber and have non-cooperated by turning a deaf ear to the petitions and protests of the whole of India. Taking these things into consideration there seems to be no hope of getting the economic and commercial rights of our country protected by entering the new Legislative Councils, and therefore there appears to be no advantage in entering the Councils and rendering co-operation. Furthermore, in view of the gross injustice that is being done to the Indians in the British Colonies, and of the atrocities perpetrated on our brethren in the Punjab, and of the breach of the promise given to Mahomedans, we are filled with astonishment and dismay. Taking into consideration all these circumstances, the Chamber resolves that the members should desist from going to the

Councils and voting for any body in that behalf and only in doing that lies the self-respect and wisdom of this Chamber."

After some discussion on the above resolution Mr. Jamnadas Dwarkadas pointed out that looking to section 2 (c) the Rules and Regulations of the Chamber the resolution was out of order. He asked the Chairman's ruling on the point and the Chairman declared that looking to the section pointed out by Mr. Jamnadas the resolution was out of order.

(3) *Change in the Official Year of the Chamber :*

A General Meeting of the Members of the Chamber was held on the 12th September 1921 to consider the recommendation of the Committee that the Official year of the Chamber be changed to correspond with the calendar year with effect from the current year. The recommendation was accepted and it was resolved to amend Rules No. 9 and No. 25 of the Rules and Regulations of the Chamber accordingly.

(4) *Address to His Royal Highness the Prince of Wales :*

A General Meeting of the Chamber was held on the 9th November 1921 to consider the requisition sent by several members of the Chamber regarding the address to His Royal Highness the Prince of Wales and asking the meeting to rescind the resolution passed by the Committee voting an address to the Prince of Wales. Mr. L. R. Tairsee moved the first of the two resolutions standing in his name :—

"As some members of the Managing Committee have passed a resolution on an item not on the Agenda paper and after some members had left, viz., the resolution voting an address of welcome to the Prince, this general meeting of the members resolves to rescind the said resolution."

As the proceedings of the Meeting continued far in the night and as there was not sufficient lighting arrangement the meeting was adjourned till 12th November 1921. The adjourned meeting of the members of the Chamber was held on the 12th November. After some discussion on Mr. Tairsee's first resolution the Chairman closed the debate; on a calculation of the show of hands in respect of the resolution the Chairman declared the result of the voting as 94 against 93. In view of the close voting declared by the Chairman a written application demanding a poll on the resolution was made to the Chairman which was granted by

the Chairman and the date was fixed for recording votes of the members of the Chamber on the said resolution. The voting took place in the office of the Chamber on 15th November between 1 P. M. and 5 P. M. The result of the voting was declared by the Chairman at the General Meeting of the Chamber held on 18th November. The result was as follows :—111 votes for the resolution, 111 votes against the resolution and 53 votes rejected. The Chairman gave his casting vote against the resolution and the resolution was declared as lost. Mr. Tairsay's second resolution stood thus :—

“As a mark of not participating in welcome to the Prince who is expected here on the 17th November, the office of the Chamber be closed, and our members be recommended to do the same.”

In view of the fact that the date mentioned in Mr. Tairsey's resolution had already expired, the Chairman ruled that the consideration of that resolution was not necessary. The meeting was then dispersed.

120. Government publications and Notifications:—

Government have been pleased to keep your Committee in touch with all the important changes and modifications effected in the existing procedure regarding departments connected with trade and commerce ; Industries and munitions ; Finance. Important announcements regarding imports and exports, telegrams, shipping &c. have been forwarded to your Committee as soon as possible for information of the members of the Chamber. Your Committee beg to thank Government for their courtesy.

121. The Journal :—

The monthly Gujarati journal of this Chamber is making a continually steady progress and acquiring greater popularity.

122. Membership of the Chamber :—

There were at the end of the last year 483 members. During this year 87 have joined and 37 members resigned having at the end 533 members.

123. Balance Sheet :—

The Balance sheet of the Chamber audited by the Auditor Mr. Devidas Vithaldas is appended herewith.

Cash and Investments,

Port Trust Bonds at cost	..	..	..	2,025	0	0
6½ per cent. Loan ..	..	..	..	10,000	0	0
Cash with the Bank of India ..	..	..	..	1,832	10	3
Cash with the Central Bank of India, Ltd.	..	..	..	1,957	11	3
Cash with the Tata Industrial Bank	..	..	..	458	9	0
Cash on hand ..	..	..	..	1,061	9	10
				17,335 8 4		
				Total Rs., ..		
				74,924 1 4		

I have examined the above account of Income and Expenditure with Books and Vouchers of the Indian Merchants' Chamber and Bureau, and certify the same to be correct.

(Sd.) DEVIDAS VITHALDAS,
Auditor,

Bombay, 1st January 1922.

INCOME.			Amount.	Rs. a. p.
By Balance brought forward	..	..	..	Rs. a. p. 22,032 13 11
„ Admission Fees—	..	..	..	
87 New Members @ Rs. 50	..	..	..	4,350 0 0
Less 31 Members admission fee received in the last year at Rs. 50	..	..	..	1,550 0 0
Payment received in advance of one member with new application form at Rs. 50				50 0 0
„ Members' Subscriptions.				
540 Town members @ Rs. 60	..	..	..	32,400 0 0
11 Associations @ Rs. 125	..	..	..	1,375 0 0
19 Moffusil Members @ Rs. 25	..	..	..	475 0 0
Outstanding members' subscriptions realised	..	..	..	1,250 0 0
1 member's subscription for 3 months at Rs. 60 per annum	..	..	..	15 0 0
Subscription due from September 1921 to December 1921	..	..	..	13,095 0 0
Total Rs.	..	..	48,610 0 0	
Less subscriptions outstanding	..	..	2,955 0 0	
Less bad debts of 3 moffusil members @ Rs. 25	..	..	75 0 0	
Less bad debts of 23 Town members @ Rs. 60	..	..	1,380 0 0	
Less 31 members' subscription received in the last year (30 @ Rs. 60 and 1 @ Rs. 25)	..	..	1,825 0 0	
Less last year's bad debts (2 members @ Rs. 60 and 1 member @ Rs. 20)	..	..	140 0 0	
			6,375 0 0	42,235 0 0

By Payment received in advance of one member with new application form @ Rs. 60..				
" Subscriptions to the Journal	..	..	..	90 0 0
" Advertisements ..	..	..	..	1,020 0 0
" Sale of old Magazines and Papers	..	..	..	2,443 8 8
" Sale of Members' lists & Electoral Rolls	..	..	..	33 2 0
" Suspense Account	..	..	..	119 0 0
" Prize (Mr. S. R. Bomanji)	..	..	..	125 0 0
" Interest on Bonds & Current Account	..	..	..	2,000 0 0
" Office Lift	..	..	..	1,202 7 9
				803 3 0
			Total Rs. ..	74,924 1 4

(Sd.) S. M. MUZUMDAR,
Ag. Secretary.

(Sd.) LALJEE NARANJI,
Chairman.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Serial No.	Representatives of Members.	Names of Members.	Addresses.
1	Hon. Sir Dinshaw Edulji Wacha	Messrs. Morarji Goculdas & Co.	Tamarind Lane, Fort, Bombay
2	Mr. Chunilal Devkaram Nanji	Chhagandas & Co.	Circle, Fort, Bombay.
3	" Pragnji Surji	" Pragnji Surji & Co.	Vadgadi, Mandvi, Bombay 3
4	" Mulji Haridas	Mr. Mulji Haridas	Carnac Bunder, Bombay 3
5	" Sorabji Rustomji Master	Messrs. Dinshaw D. Karani & Co.	Nanabhai Lane, Hornby Rd., Fort, Bombay
6	" Mannohandas Ramji	Mr. Mannohandas Ramji	Badri Mahal Building, Hornby Road, Fort, Bombay
7	" Laxmidas Purshottam Vandravan	Messrs. Pragnji Vandravan & Co.	Mulji Jetha Market, Chikhal Galli, Bombay
8	" Haridas Morarji Velji	" Morarji Velji & Co.	" " " Nava Govind Chawk, Bombay.
9	" Jamnadas Devidas	" Jethabhai Govindji & Co.	" " " Dharamdas Galli, Bombay
10	" Kalianji Lalji	" Valji Shamji & Co.	" " " Chawlk, Bombay
11	" Vallabhdas Chaturbhuj Shivji	" Chaturbhuj Shivji & Co.	" " " Chikhal Galli, Bombay
12	" Premchand Zaverchand	" Chunilal Sakalchand & Co.	" " " Gamthi Galli, Bombay
13	" Mathuradas Valji	" Valji Sunderji & Co.	" " " Ghadial Galli, Bombay
14	" Lalji Govindji	" Bhukhandas Govindji & Co.	" " " Nava Govind Chawk, Bombay
15	" Dwarkadas Ravji Naranji	" Ravjibhai Naranji & Co.	" " " Navi Krishnaraj Galli, Bombay
16	" Vasanji Naranji	" Jagjivandas Vassanji & Co.	" " " Pragraj Galli, Bombay
17	" Mathuradas Haridas	" Damodar Haridas & Co.	" " " Chikhal Galli, Bombay
18	" Devidas Madhavji Thackersey	" Madhavji Thackersey & Co.	" " " 72, Apollo Street, Fort, Bombay

19	"	Madhavji Jesang	"	Ramdas Madhvaji & Co.	Mulji Jetha Market, Champa Galli, Bombay
20	"	Mathuradas Manji	"	Bhimji Kara & Co.	" " Krishnaraj Galli, Bombay
21	"	Vithaldas Damodar Govindji	"	Damodar Govindji & Co.	" " Chawlk, Bombay
22	"	Balvant Ramchandra	"	Bhalchandra Balvant & Co.	" " New Krishnaraj Galli, Bombay
3	"	Moraji Hemraj Kanji	"	Hemraj Kanji & Co.	" " Chawlk, Bombay.
4	"	Manilal Lallubhai	"	Hiralal Amratlal & Co.	" " Mangaldas Market, Bombay.
25	"	Purshottam Mulji	"	Padamsi Manji & Co.	Parsi Bazar Street, Fort, Bombay
26	"	Balabhai Lallubhai	"	Premchand Chhaganlal & Co.	Moraji Goculdas Market Bombay
27	"	Goculdas Jivraj	"	Ghela Dayal & Co.	Mulji Jetha Market, Ghadial Galli, Bombay
28	"	Haridas Purshottam Govindji	"	Purshottam Govindji & Co.	" " Chawlk, Bombay.
29	"	Harjivan Valji	"	Harjivan Valji & Co.	" " Champa Galli, Bombay
30	"	Sunderdas Padamsey	"	Sunderdas Padamsey & Co.	" " Dadar Cross Galli, Bombay.
31	"	Kanji Goguldas	"	Chaturbhuj Jivandas & Co.	" " Bungla Galli, Bombay
32	"	Vallabhdas Jannadas	"	Vallabhdas Jannadas & Co.	" " Ghadial Galli, Bombay
33	"	Chhabildas Laxmidas	"	Bhimji Ravji & Sons.	" " Ganesh wadi, Bombay
34	"	Mathuradas Liladhar	"	Jeram Hari	" " Ganesh wadi, Chawlk, Bombay
35	"	Vassanji Mulji Damodar	"	Mulji Damodar & Co.	Moraji Goculdas Market, Kalbadevi Rd., Bombay
36	"	Nanji Mangaldas	"	Chhotalal Mangaldas & Co.	Mulji Jetha Market, Dadar Cross Lane, Bombay
37	"	Harjivan Valji	"	Kanji Karsan & Co.	" " Nava Govind Chawlk, Bombay
38	"	Vrajlal Bhagwandas	"	Bhagwandas Bhawanbhai & Co.	" " New Krishnaraj Galli, Bombay
39	"	Shah Tallakchand Gobardas	"	Ramji Thackersey & Co.	" " Dadar Galli, Bombay
40	"	Purshottam Lalji	"	Lalji Tricunji & Co.	" " Ghadial Galli, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Serial No.	Representatives of Members.	Names of Members.	Addresses.
41	Mr. Karsandas Premiji	Messrs. Karsandas Purshottam & Co.	Mulji Jetha Market, Navi Galli, Bombay
42	" Kapurchand Ramchand	" Kapurchand Ramchand & Co.	" " Gamthi Galli, Bombay
43	" Lalji Naranji	" Lalji Naranji & Co.	" " Tamarind Lane, Fort, Bombay
44	" Vallabhdas Valji	" Valji Khimji & Co.	" " Navi Galli, Bombay
45	" Valji Govindji	" Morarji Kalianji & Co.	" " Chawlk, Bombay
46	" Ranchhoddas Vallabhdas Kanji.	" Vallabhdas Kanji & Co.	" " Ghadial Galli, Bombay
47	" Chatrabhuj Kapurchand	" Madanji Mohanji & Co.	" " Champa Galli, Bombay
48	" Karsandas Kurji Dharamsey	" Kurji Dharamsey & Co.	" " Chikhal Galli, Bombay
49	" Naranji Narsey	" Gordhandas Naranji & Co.	" " Ghadial Galli, Bombay
50	" Vandravandas Valji	" Visharam Dhanji & Co.	" " Chawlk, Bombay
51	" Sunderdas Bhimji	" Bhimji Dwarkadas & Co.	" " Laxmidas Market, Bombay
52	" Devkaran Mulji	" Devkaran Mulji & Co.	" " Mulji Jetha Market, Kandhenu Galli, Bombay
53	" Hirji Rustomji	" Damodar Valji & Co.	" " Dadar Galli, Bombay
54	" Motilal Kanji	" Kanji Dharamsey & Co.	" " Navi Krishnaraj Galli, Bombay
55	" Dawkadas Vassanji	" Purshottam Laxmidas & Co.	" " Nava Govind Chawlk, Bombay
56	" Damodar Bhagwandas	" Purshottam Dwarkadas & Co.	" " Navi Galli, Bombay
57	" Goverdhandas Karsandas Shroff	" Mr. Goverdhandas Karsandas Shroff	" " Chawlk, Bombay
58	" Sunderdas Parmanand	" Messrs. Gopalji Kalianji & Co.	" " Chikhal Galli, Bombay

59	" Vaman Shridhar Apte	Messrs. Vaman Shridhar & Co.	" " Building,	Champa Galli, Bombay
60	Hon. Mr. Phiroz C. Sethna	Hormasji Kharsedji & Co.	Canada " " "	Hornby Road, Fort, Bombay
61	Sir Vithaldas Damodar Thackersey	Thackersey Moolji & Co.	Hamam Street, Fort, Bombay	
62	Mr. Valji Ebbji	Raghavji Ebbji & Co.	Mulji Jetha Market, Pragraj Galli, Bombay	
63	" Chaturbhuj Gordhandas	Mulji Jetha & Co.	Tamamind Lane, Fort, Bombay	
64	" Bhagwandas Keshavji	Nagardas Purshottam & Co.	Mulji Jetha Market, Gopalak Galli, Bombay	
65	" Motilal Vallabhji	Motilal Keshavji & Co.	Bruce Lane, No. 4, Fort, Bombay	
66	" Govindji Gordhandas	Moraji Govindji & Co.	Mulji Jetha Market, Chikhal Galli, Bombay	
67	" Cursetji Jamsetji Banatvala	Edulji Cursetji & Co.	Laxmidas Market, Sk. Memon Street, Bombay	
68	" Mathuradas Manji Valji	Manji Valji & Co.	Mulji Jetha Market, Chikhal Galli, Bombay	
69	" Lalji Dayal	Hirji Dayal & Co.	" " " "	Kamdhenu Galli, Bombay
70	" Haridas Gordhandas	Girdhardas Jethabhai & Co.	" " " "	Chawk, Bombay
71	" Keshavji Ramji Laxmidas	Ramji Laxmidas & Co.	" " " "	Chawk, Bombay
72	" Ratansi Dungsishi	Vallabhdas Laxmidas & Co.	Laxmidas Market, Sk. Memon Street, Bombay	
73	" Chatrabhuj Purshottam	Chatrabhuj Haridas & Co.	Mulji Jetha Market, Station Galli, Bombay	
74	" Hiralal Mulji	Shamji Vandrayan & Co.	" " " "	Ghadial Galli, Bombay
75	" Dwaikadas Tricundas	Laladhar Dwarakadas & Co.	" " " "	Chawk, Bombay
76	" Ardeshar Jamsedji Kharas	Jamsedji Ramji Kharas & Co.	York Building, Hornby Road, Bombay	
77	" Ramdas Zaver Jagjivan	Zaver Jagjivan & Co.	Mulji Jetha Market, Navi Krishnaraj Galli, Bombay	
78	" Jeshtaram Jivram	Jivram Vassanji & Co.	" " " "	Sunder Chawk, Bombay
79	" Mulji Laxmidas	Gopalji Valji Sunderji & Co.	" " " "	Ghadial Galli, Bombay
80	" Ramdas Ranchhoddas	Ranchhoddas Thackersey & Co.	" " " "	Chawk, Bombay
81	" Tulsidas Gopaldas	Gopalji Valji & Co.	" " " "	Navi Gomukh Galli, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Serial No.	Representatives of Members.	Names of Members.	Addresses.
82	Mr. Bhagwandas Purshottam	Messrs. Purshottam Kalidas & Co.	Mulji Jetha Market, Navi Galli, Bombay
83	" Sunderji Damodar	" Goculdas Shivji & Co.	57, Walkeshwar Road, Bombay
84	" Naranadas Purshottamdas	" Cavasji Framji & Co.	Mulji Jetha Market, Chawk, Bombay
85	" Shah Devchand Bhagwanji	" Kanji Karsanji & Co.	" " Gopalak Galli, Bombay
86	" Jagivan Gordhandas	" Gordhandas Thackersey & Co.	" " Chawk, Bombay
87	" Haridas Gordhandas	" Gordhandas Haridas & Co.	" " 56, Champa Galli, Bombay
88	" Jamnadas Harakhji	" Jamnadas Harakhji & Co.	" " Chawk 225, Bombay
89	" Narottamdas Dharamdas	" Narottamdas Dharamdas & Co.	" " New Gomukh Galli, Bombay
90	" Jethmal Narandas	" Narottamdas Jethmal & Co.	" " Great Western Hotel, Bombay
91	" Narottamdas Vallabhji	" Narottamdas Vallabhji & Co.	" " New Krishnaraj Galli, Bombay
92	" Damodar Tribhovandas	" Prechhand Tribhovan & Co.	" " Chipi Chawl, Bombay
93	" Tricumdas Chakubhai	" Bhawanji Velji & Co.	" " Chawk, Bombay
94	" Mathuradas Haribhai	" Mathuradas Chattrabhuj & Co.	" " Dha amraj Galli, Bombay
95	" Mathuradas Dungersi	" Mathuradas Liladhar & Co.	" " Gordhan Galli Bombay
96	" Premji Veerji	" Morarji Veerji & Co.	" " New Krishnaraj Galli, Bombay
97	" Mansukhlal Oghadbhai	" Vadilal Purshottamdas & Co.	" " Dharamraj Galli, Bombay

98	Karsandas Vallabhdas	Vallabhdas Dungersi & Co.	"	"	New Bombay	Gonukh Galli,
99	Hansraj Purshottam	Hansraj Purshottam & Co.	"	"	"	"
100	Laxmidas Keshavji	Haridas Keshavji & Co.	"	"	"	Gopal Galli, Bombay
101	Revashanker Jagjivan	Revashanker Jagjivan & Co.	"	"	"	Chawk, Bombay
102	Sheriff Devji Kanji	Devji Kanji & Co.	"	"	"	"
103	Purshottamdas Thakordas	Naranadas Rajaram & Co.	"	"	"	Khara Kuva, Sk. Memon Street Bombay
104	Umar Haji Usuf Sobhani	Haji Mahmud Haji Ismail & Co.	"	"	"	Chakla Street, Mandvi, Bombay
105	Govindji Ratansi Mulji	Mr. Govindji Ratansi Mulji	"	"	"	111, Esplanade Road, Fort, Bombay
106	Maneklal Bhaidas	Messrs. Bhaidas Narottamdas & Sons	"	"	"	Rogay Building, Apollo St., Fort, Bombay
107	Purshottamdas Jivandas	Ramdas Khimji & Co.	"	"	"	Circle, Fort, Bombay
108	Phirozshaw B. Petit	Phirozshaw B. Petit & Co.	"	"	"	C. P. Tank, Madhav Bag, Bombay
109	Dhanjibhai B. Petit	Dhanjibhai B. Petit & Co.	"	"	"	Albert Building, Hornby Rd., Fort, Bombay
110	Govindlal Shival,	Raja Bahadur Shival Motilal & Co.	"	"	"	Ranpart Raw, Fort, Bombay
111	S. R. Bomanji	Mr. S. R. Bomanji	"	"	"	Circle, Fort, Bombay
112	Visanji Jivandas	Messrs. Khimji Vishram & Co.	"	"	"	Hamam Street, Fort, Bombay
113	Narsey Vallabhdas	Thaker Vallabhdas Kallanjivala	"	"	"	Forbes Street, Fort, Bombay
114	Navroji H. Belgaumvalla	The Editor & Proprietor, Bombay Samachar	"	"	"	Dana Bunder, Broach Street, Bombay
115	Palanji Dadabhai Chowna	Drewet Chowna & Co.	"	"	"	No. 45, Waudby Road, Fort, Bombay
116	O. H. Nazar	O. H. Nazar & Co.	"	"	"	Frere Road, Fort, Bombay
117	Tricumdas Gordhandas Khatau	Khatau Makanji & Co.	"	"	"	Church Gate Street, Fort, Bombay
118	N. D. Dadyseth	Mr. N. D. Dadyseth	"	"	"	Rogay Building, Apollo St., Fort, Bombay
119	Cawasji Dinshaw	Messrs. Cawasji Dinshaw Bros.	"	"	"	Oriental Building, Honby Road, Bombay
						17, Waudby Road, Bombay
						Meadows Street, Fort, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

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Serial No.	Representatives of Members.	Names of Members.	Addresses.
120	Mr. Fidhusein Samsuddin	Messrs Shaikh Mahmud Dawood & Co.	Crawford Market, Bhusari Street, Bombay
121	" Mathuradas Vassanji	Mr. Mathuradas Vassanji	3, Wallace Street, Fort, Bombay
122	" Govindram Harsomal	Messrs. Tarachand Ghansyamdas & Co.	Zaveri Bazar, Bombay
123	" B. N. Zaveri	" Zaveri & Co.	Forbes Street, Bombay
124	" Karsandas Mulji Jetha	Mr. Karsandas Mulji Jetha	393, Hornby Road, Fort, Bombay
125	" Naranji Haribhai	Messrs The Grain Merchants' Association.	C/o Ramji Purshottam & Co. Samuel St. Vadgadi Bombay
126	" Krishna Rao Purshottam Kothare	Messrs. K. P. Kothare & Co.	Apollo Street, Fort, Bombay
127	" Pestonji Edulji Dhala	" The Indian Mercantile Ins. Co. Ltd.	11, Bank Street, Bombay
128	Hon. Mr. Lalubhai Samaldas	Hon. Mr. Lalubhai Samaldas	65, Apollo Street, Fort, Bombay
129	Mr. Mahomed Hajibhai	Messrs. Hajibhai Lalji & Co.	Akbar Building, Hornby Rd, Fort, Bombay
130	Sir Fazulbhoj Currimbhoy Ibrahim	Sir Fazulbhoj Currimbhoy Ibrahim	137, Esplanade Road, Fort, Bombay
131	Mr. Vithaldas Karsandas	Messrs. The Bombay Merchants Bank Ltd.	Apollo Street, Fort, Bombay
132	" Dwarkadas Ravji	" Gordhandas Khetsey & Co.	Manordas St., Holi Chakra, Fort, Bombay
133	" Narottam Morarji Goculdas	Mr. Narottam Morarji Goculdas	Ismael Building, Fort, Bombay
134	" S. B. Billimoria	Messrs. S. B. Billimoria & Co.	113, Esplanade Road, Fort, Bombay
135	" Phiroz J. Billimoria	" Tata Sons Ltd.	Navsari Building, Hornby Rd, Fort, Bombay
136	" Manekji Jethabhai Vardhman	Mr. Manekji Jethabhai Vardhman	Bhat Bazar, Mandvi, Bombay

137	"	Dadabhai J. Registrar	Messrs. The Berar Mfg. Co. Ltd.		Cawasji Patel Street, Fort, Bombay
138	"	Hirjibhai Shapurji Pathak	" H. S. Pathak & Co.		15, Parsi Bazar Street, Victoria Building, Fort, Bombay
139	"	Kikabhai Premchand	" Premchand Raichand & Sons		Apollo Street, Fort, Bombay
140	"	Purshottam Vishram Mavji	Mr. Purshottam Vishram Mavji		Walkeshwar Road, Bombay
141	"	Munglaji of Messrs. Hardayal Nathmal	Messrs. The Hindustani Native Merchants Association		Kalbadevi Road, Bombay
142	"	Ratanchand Navalchand Zaveri	" Manekchand Panachand & Co		Zaveri Bazar, Sheik Memon Street, Bombay
143	"	M. Venkatrao	" N. Powel & Co.		Sandhurst Road, Girgaum, Bombay
144	"	Currimbhoy Adamji Peerbhoy	Mr. Currimbhoy Adamji Peerbhoy		Tardeo, Bombay
145	"	Markantrao Girjaprasad Desai	" Markandrai Girjaprasad Desai		Hornby Road, Fort, Bombay
146	"	Kedarmal Bhuramal	Messrs. Gulabrai Kedarmal & Co.		Kalbadevi Road, Bombay
147	"	Nehalchand Lalluchand	Mr. Nehalchand Lalluchand		Pydhonie, Bombay
148	"	Gulabchand Devchand Zaveri	" Gulabchand Devchand Zaveri		Marine Street, Fort, Bombay
149	"	Gordhandas Ranchhodas	" Gordhandas Ranchhodas		Zaveri Bazar, Bombay
150	"	Bhoglal Virchand Dipchand	" Bhoglal Virchand Dipchand		Pedder Road, Malbar Hill, Bombay
151	"	Dunichand Durgadas	" Dunichand Durgadas		Kharakuva, Sheik Memon Street, Bombay
152	"	Vallabhdas Dayal	" Vallabhdas Dayal		Vadgadi, Mandvi, Bombay
153	"	K. S. Aiyar	Messrs. K. S. Aiyar & Co.		65, Apollo Street, Fort, Bombay
154	"	Dasabhai Pestonji Bhakka	" H. Pestonji & Co.		15, Parsi Bazar Street, Fort, Bombay
155	"	Mathuradas Goculdas Thacker	Mr. Mathuradas Goculdas Thacker		Vincent Road, Matunga, G. I. P. Ry.
156	"	Hirachand Vanechand Desai	Messrs. Hirachand Vanechand Desai & Co.		Kalbadevi Road, Bombay
157	"	Prof. S. R. Davar	" The Davar's College of Commerce		Great Western Hotel Building, Bombay
158	"	Mr. Nassurwanji K. A. Chinoy	Mr. Nassurwanji K. A. Chinoy		Chinoy Mansions, Colaba, Bombay
159	"	Shivji Chapsey	Messrs. Vassanji Velji & Co.		Girgaum Back Road, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Serial No.	Representatives of Members.	Names of Members	Addresses.
160	Mr. Phiozshaw N. Mehta	Messrs. P. N. Mehta & Co.	50, Church Gate Street, Fort, Bombay.
161	" Chhotalal Kilachand	" Kilachand Devchand & Co.	63, Apollo Street, Fort Bombay
162	" C. I. Parekh	" The Bank of Morvi, Ltd.	Apollo Street, Fort, Bombay.
163	" Sorabji N. Pochkhanavala	" The Central Bank of India Ltd.	Hornby Road, Fort, Bombay
164	" Karmalli Abdulla Allarakhia	" Abdulla Allarakhia & Co.	187, Khoja Mohalla, Mandvi, Bombay.
165	" Balubhai Mulchand Zaveri	Mr. Balubhai Mulchand Zaveri	Zaveri Bazar, Sheikh Memon Street, Bombay
166	" Prahladrai Ramjidas	Messrs Mamraj Rambhagat & Co.	Mumbadevi Naka, Bombay.
167	" Haridas Nagji Vora	Mr. Haridas Nagji Vora	Mulji Jetha Market, Gordhan Galli, Bombay
168	" Thakkar Amersi Kanji	" Thakkar Amersi Kanji	" " Sancha Galli Bombay
169	" Goculdas Damodar	" Goculdas Damodar	" " Champa Galli, Bombay
170	" Manilal Goculbhai Mulchand	" Manilal Goculbhai Mulchand	" " " "
171	" Revashanker Jagjivan	Messrs, The Bombay Shroff Association.	Sheikh Memon Street, Bombay.
172	" Hansraj Praggi Thackersey	Mr. Hansraj Praggi Thackersey	Hamam Street, Fort, Bombay
173	" Jannadas Mulchand Parekh	Messrs. Goculbhai Dolatram & Co.	Mulji Jetha Market, Champa Galli, Bombay
174	" Lavji Meghji	" Karamsey Damji & Sons	Girgaum Back Road, Bombay
175	" Pestonji N. Masani	Mr. Pestonji N. Masani	Nawab Building, Hornby Road, Bombay.
176	" Fazulbhai Jumabhai Lalji	Messrs. Abdulbhai Jumabhai Lalji & Co	Warden Road, Bombay
177	" Laxmidas Nemidas	" Mulchand Vasanji & Co.	90, Bazar Gate Street Fort, Bombay
178	" Dwarkadas Tribhovandas	Mr. Dwarkadas Tribhovandas	Singhani Building, Sheikh Memon Street, Bombay

179	Dwarkanadas Gordhandas	Mr. Dwarkadas Gordhandas	...	289, Hornby Road, Fort, Bombay.
180	" Pestonjee Dhanjibhai Patel	Messrs. Patel Bros.	...	Ismail Building, Hornby Rd., Fort, Bombay.
181	" Kekhusru N. Chandabhoj	" Chandabhoj and Jassubhoj	...	Apollo Street, Fort, Bombay
182	Hon. Mr. Chunilal V. Mehta	Hon. Mr. Chunilal V. Mehta	...	111, Esplanade Road, Fort, Bombay
183	Mr. Ratansey Dharamsey Morarji	Mr. Ratansey Dharamsey Morarji	...	Ismail Building, Hornby Road, Fort, Bombay
184	" Hirji Khetsey	Messrs. Hirji Khetsey & Co.	...	Bhat Bazar, Mandvi, Bombay
185	" Currimbhai Lalji Sajan	" C. L. Sajan & Co.	...	Carnac Siding, Frere Road, Bombay
186	" Hirji Ghelabhai	" Ghelabhai Gansey & Co.	...	Carnac Siding, Frere Road, Bombay
187	" Devidas Narandas	" The India Agency & Co., Ltd.	...	Apollo Street, Fort, Bombay
188	" Naranji Haribhai	" Ramji Purshottam & Co.	...	Samuel Street, Vadgadi, Bombay
189	" Khimji Hirji Kayani	" Khimji Hirji Kayani & Co.	...	Circle, Fort, Bombay
190	" Jehangir Bomanji Petit	" Mr. Jehangir Bomanji Petit	...	359, Hornby Row, Fort, Bombay
191	" Cassamalli Jerajbhai Peerbhai	" Cassamalli Jerajbhai Peerbhai	...	Peddar Road, Bombay
192	" M. P. Madan	Messrs. The Bombay Printing Works, Ltd.	...	Times Building, Hornby Road, Bombay
193	" Laxmidas Haridas	" Assur Veerji & Sons	...	32, Mint Road, Fort, Bombay
194	" Meghji Vassanji Tricumji	" Mr. Meghji Vassanji Tricumji	...	Jivan Lodge, Andheri
195	" Vithaldas Liladhar Bhimji	" Vithaldas Liladhar Bhimji	...	Princess Street, Bombay
196	" M. V. Subiah	Messrs. The Commission and General Agency.	...	Avenue Road, Bangalore City
197	" Vithaldas Bhawanidas	Mr. Vithaldas Bhawanidas	...	Tamba Kanta, Pydhonie, Bombay
198	" Dwarkadas Kalyandas	" Dwarkadas Kalyandas	...	Ridge Road, Malabar Hill, Bombay
199	" Laxmidas Ravji Tairsee	Messrs. Laxmidas & Co.	...	Apollo Street, Fort, Bombay
200	" Surajmal Lalubhai	" Surajmal Lalubhai & Co.	...	Kalbadevi Road, Bombay
201	" C. B. Lal	" J. N. Singh & Co.	...	26, Princess Street, Bombay
202	" Mathuradas Goculdas	Mr. Mathuradas Goculdas	...	Canada Building, Hornby Rd., Fort, Bombay
203	" Naranji Dayal	Messrs. The Bombay Country Fancy Piece Goods Merchants Association	...	Morarji Goculdas Market, Kalbadevi Road, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

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Serial No.	Representatives of Members.	Names of Members.	Addresses.
204	Mr. Burjor Framroz R. Joshi	Messrs. Rustumji Edulji Dadachanji & Co.	55, Frere Road, Fort, Bombay
205	" M. V. Merchant	The Branch Manager, The Great Eastern Life Assurance Co., Ltd.	12-14, Church Gate Street, Fort, Bombay
206	" Vassanji Thackersey Halai	Mr. Vassanji Thackersey Halai	107, Bazargate Street, Fort, Bombay
207	" N. S. Bayankar	The Oriental Engineering Trading Co	Mint Road, Bombay
208	" Nagindas A. Adatia	Messrs. Nagindas and Manehal	Honji Street, Fort, Bombay
209	" Mavji Govindji	" Mavji Govindji & Co.	72, Apollo Street, Fort, Bombay
"	" Maganlal Parbhudas	" The Bombay Yarn, Copper, and Brass Native Merchants Association	Tambakanta, Pydhonie, Bombay
210	" Girjashanker B. Trivedi	" Trivedi & Co.	Hornby Road, Fort, Bombay
211	" L. Desraj Mehru	" The Punjab National Bank, Ltd.	Akbar Building, Hornby Road, Fort, Bombay
212	" Bhimji J. Thacker	" Bhimji Jairaj & Co.	305, 307 Chaupati Sea Face, Bombay
213	" Ramchandra M. Bhatt	Mr. Ramchandra M. Bhatt	Sandhurst Road, Girgaum, Bombay
214	" Laxmidas Devji	Messrs. Jetha Devji & Co.	Sak Galli, Mandvi, Bombay
215	" Dhanraj M. Parekh	" Jassoji & Sons	197-99, Hornby Road, Fort, Bombay
216	" Jamnadas Dwarakadas Dharmsay	Mr. Jamnadas Dwarakadas Dharmsay	Chartered Bank Building, Hornby Road, Bombay
217	" Jivandas Pitambar	" Jivandas Pitambar	Circle, Fort, Bombay
218	" Jagjivandas Narayan Mehta	" Jagjivandas Narayan Mehta	93, 107, Musjid Bunder Road, Bombay
219	" Bhailal Dajibhai Amin	Messrs. The Alembic Chemical Works Co., Ltd.	Baroda
220	"		

221	" Vishvanath P. Vaidya	Sir Shree Waghji Wadhwan Camp Mfg Co., Ltd.	109, 110, Homji Street, Fort, Bombay
222	" Jammal Bachhraj	Mr. Jammal Bachhraj	181, 185, Kalbadevi Road, Bombay
223	" B. A. Billimoria	Messrs. Batiwala and Karani	Dalal Street, Fort, Bombay
224	" Mohmad Hussein Dehdasti	Mr. Mohmad Hussein Dehdasti	Ash Lane, Fort, Bombay
225	" Manu Subedar	Messrs. Manu Subedar & Co (Agents, the Pioneer Rubber & Industrial Co., Ltd)	11, Bank Street, Bombay
226	" Maneklal Manilal Ranchhod- das Parikh	Mr. Maneklal Manilal Ranchhoddas Parikh	Manek Chawk, Ahmedabad
227	" Chandulal R. Yagnik	Messrs. Dolatram Kashiram & Co.	Lamington Road, Bombay
228	" Ismail A. H. Moosa	" Ismail A. H. Moosa, Ltd.	188, Nagdevi Street, Bombay
229	" Jamnadas Vassanji Manji	Mr. Jamnadas Vassanji Manji	Vasant Nivas, Warden Road, Bombay
230	" Padamsey Narsibhai	" Padamsey Narsibhai	11, Bank Street, Fort, Bombay
231	" K. B. Mohamadalli Abdul- kadar	Messrs. Taher & Co.	95-97, Nagdevi Street, Bombay
232	" Phiroz J. Billimoria	" The Indian Cement Co.	Navsari Building, Hornby Road, Fort, Bombay
233	" Chimanlal Jivanlal Chinoy	Desai Chinoy & Co.	Khajuri Pole, Ahmedabad
234	" M. A. J. Noble	" M. A. J. Noble	26, Parsi Bazar Street, Fort, Bombay
235	" Padamsey Narsibhai	Messrs. The Indian Peninsular Steam Navigation Co., Ltd.	11, Bank Street, Fort, Bombay
236	" Vallabhji Meghji	" Kakubhai Narandas & Co.	Mulji Jetha Market, Nawa Govind Chawk, Bombay
237	" Shantaram Jayvant Divedkar	" Narayan Dhondiba & Co.	Lloyd Building, Ballard Pier, Fort, Bombay
238	" Surji Vallabhdas	" Surji Vallabhdas & Co.	Church Gate Street, Bombay
239	" Premji Vashram	" Chatrabhuj Govindji & Co.	Carnag Bunder, Mangvi, Bombay
240	" Laxmichand M. Doshi	" Laxmichand Padamsey & Co.	Princess Street, Bombay
241	" Rameshvardas Birla	" Shivrarnay Baldevdas & Co.	Mumbaqaqi, Patel Building, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

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Serial No.	Representatives of Members.	Names of Members.	Addresses.
242	Mr. Ibrahim Gullamalli	Messrs. Gullamalli & Co.	21, Bank Street, Fort, Bombay
243	" Sarabhai Vadjlal Zaveri	" Chamanlal Sarabhai Zaveri	311 Shroff Bazar, Bombay
244	" Jehangir H. I. Bativala	Managing Director, Dr. H. L. Bativala Sons & Co.	Wari, Bombay 18
245	" Karsandas Thackersey Ravji	Mr. Karsandas Thackersey Ravji	187, Hornby Road, Fort, Bombay
246	" Jwaladat R. Pilani	" Jwaladat R. Pilani	Shakh Memon Street, Bombay
247	" A. S. Doraiswamy	Messrs. S. A. V. Arungeri Chetty & Co.	Davangeri (S. India) M. S. M. Ky.
248	" Narsidas Jekisandas Gangadas	Mr. Narsidas Jekisandas Gangadas	Napean Sea Road, Bombay
249	Mr. Karmalli Sabjalli	Messrs. Kassam Karmalli & Co.	204, Khoja Moholla, Mandvi, Bombay
250	" Framji Palanji Talati	" Framji Palanji Talati & Co	174, Bazar Gate Street, Fort, Bombay
251	" B. B. Morris	" Bradford & Co.	No. 4, Cavasji Patel Street, opposite Hong Kong Bank, Bombay
252	" Mayashanker M. Bhatt	" Mayashanker Thakkar & Co.	47, Apollo Street, Fort, Bombay
253	" Vallabhdas Dayal	" Dungershi Shamji Joshi & Co.	45, 47, Vadgadi, Bombay
254	" Harmandrai Ramnarayan	Mr. Harmandrai Ramnarayan	183, Kalbadevi Road, Bombay
255	" Hormasji Bapuji Gazdar	" Hormasji Bapuji Gazdar	35, Mandlik Road, Apollo Bunder, Bombay
256	" Mohanlal Hemchand Zaveri	" Mohanlal Hemchand Zaveri	Zaveri Bazar, Patel Building, Bombay
257	" T. M. Rangachari	" T. M. Rangachari	Turner Road, Bandra
258	" Walchand Hirachand	" Walchand Hirachand	Ismael Building, Bombay
259	" K. D. Zaveri	Messrs. Walmer & Co.	11, Hamam Street, Fort, Bombay
260	" Motichand G. Shah	" Patbak Walchand, Ltd.	Love Lane, Mazgaon, Bombay
261	" Ambalal Sarabhai	" Mr. Ambalal Sarabhai	Retreat, Shabibag, Ahmedabad
262	" Mansukhlal Atmaram Master	" Mansukhlal Atmaram Master	Ismael Building, Hornby Road, Bombay

263	"	Ranchhoddas Bhawan	Messrs. Bhawan Jivraj & Co.	Duncan Road, Flour Mill, Bombay
264	"	Damodar Govindji Madhavji	" Govindji Madhavji & Co.	6, Hamam Street, Fort, Bombay
265	"	J. H. Muzumdar	" H. Anik & Co.	Baria Building, Pydhonie, Bombay
266	"	Hiralal M. Shah	Mr. Hiralal M. Shah	Parel
267	"	Nanabhai Tullockchand	" Nanabhai Tullockchand	Nehalchand Building, New Queens Road, Bombay
268	"	Bhagwandas Gordhandas	" Bhagwandas Gordhandas	3, Wallace Street, Fort, Bombay
269	"	Mathuradas Kanji Matani	Messrs. The Bombay Rice Merchants Association	83, Mint Road, Bombay
270	"	Madhavlal Makanji	" Keshavlal Brothers	Princess Street, Bombay
271	"	Chamanlal Popatlal Mehta	" C. K. Vohora & Co.	339, Abdul Rehman Street, Bombay
272	"	Haridas Madhavdas	" Haridas Madhavdas Amersey & Amersey Damodar & Co.	173, Bhuleshwar Road, Bombay
273	"	Kekhusru Manekji Cooper	Mr. Kekhusru Manekji Cooper	Gazdar House, Hughes Road, Bombay
274	"	Fazul Ibrahim Rahimtulla	Messrs. Fazulbhoy Ibrahim & Co.	Medows Street, Bombay
275	"	Mangaldas Prahladbhai	" Prahladbhai Dolatram & Co.	Tamha Kanta, Bombay
276	"	M. B. Mehta	" M. B. Mehta & Co.	32, Apollo Street, Post Box 252, Bombay
277	"	D. G. Banker	Mr. D. G. Banker	Belle View, Chaupati, Bombay
278	"	Manilal Jugaldas	" Manilal Jugaldas	18, Green Street, Fort, Bombay
279	"	Hargovind Ambaram Jani	Messrs. Vithal Ambaram Jani & Co.	Tank Bunder, Mazgon, Bombay
280	"	Shivlal Nimji Mehta	" Hargovind Shivlal & Co.	Do.
281	"	A. G. Somia	" M. Somia & Co.	48-50, Samuel Street, Vadgadi, Bombay
282	"	Narandas Kesooradas	" Lalji Godhoo & Co.	Do.
283	"	Manilal Balabhai	" Manilal Balabhai & Co.	72, Apollo Street, Fort, Bombay
284	"	B. F. Madan	Mr. B. F. Madan	Navsari Building, Hornby Road, Bombay
285	"	B. C. Sethna	Messrs. Cursetji Bomanji & Co.	9, Bank Street, Fort, Bombay
286	"	Mathuradas Tricundas	" Mathuradas V. Kothare & Co.	71, Apollo Street, Fort, Bombay
287	"	Sultan I. Janmohmad	Mr. Sultan I. Janmohmad	C/o Currimbhai Ibrahim & Sons, 137, Esplanade Road, Fort, Bombay
288	"	Santidas Ashkaran	" Santidas Ashkaran	Hughes Road, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Serial No.	Representatives of Members.	Names of Members.	Addresses.
289	Mr. Padamsey Mulji	Messrs. Jetha Mulji & Co.	45, Old Hanuman Lane, Bombay
290	" Kanaiyalal Ranchhodhbhai	" Dalsukhbhai Kanaiyalal & Co.	44, Tamarind Lane, Fort, Bombay
291	" Vyas Laxmishankar Narbada-shankar	Mr. Vyas Laxmishankar Narbada-shankar.	Detroj
292	" Ramkrishna Narayan Bijur	" Ramkrishna Narayan Bijur	9, Bank Street, Fort, Bombay
293	" Ishwardas Laxmidas	" Ishwardas Laxmidas	Garden View, Hughes Road, Bombay
294	" N. M. N'u umdar	" N. M. Muzumdar	Navsari Building, Hornby Road, Bombay
295	" Hatim E. Attari	Messrs. Hatim Attari & Co.	24-26, Nagdevi Street, Bombay
296	" Hussein A. Fazulbhoy	" Ahmed Hussein & Co.	122, Sopari Bag, Parcel Road, Bombay
297	" Narsidas B. Kandar	" H. J. Billmoria & Co.	Hornby Road, Fort, Bombay
298	" Kanji Gordhandas Toprani	Mr. Kanji Gordhandas Toprani	107, Bazar Gate Street, Bombay
299	" D. M. Wadia	Messrs. D. M. Wadia & Co.	Marzban Road, Bombay
300	" Gopaladas Tricumji Jivandas	Mr. Gopaladas Tricumji Jivandas	66, Bazar Gate Street, Fort, Bombay
301	" Ishwarlal Ganpatram Gajjar	" Ishwarlal Ganpatram Gajjar	Parekh Building, New Queens Road, Bombay
302	" Vassanji Naranji Bhimji	" Vassanji Naranji Bhimji	Vadgadi, Mandvi, Bombay
303	" Keshavji Nanji	Messrs. Badrinarayan Gangadhar & Co.	Laxmidas Khimji Market, Bombay
304	" Rahimtulla M. Chinoy	" F. M. Chinoy & Co.	319, Duncan Road, Bombay
305	" Burjorji Cavasji Patel	" Palanji Edulji & Sons	Khetwadi Back Road, Girgaumi, Bombay
306	" Morarji Mulraj Khatau	" Morarji Mulraj Khatau	Oriental Building, Hornby Road, Bombay
307	" Mulji Ranchhod Ved	" Mulji Ranchhod Ved	Green Bungalow, Andheri
308	" Velji Lakhamsi	Messrs. Napoo Nensey & Co.	38-42, Argyle Road, Dana Bunder, Bombay
309	" Alimohmad R. Maklai	" K. G. A. Rahimtulla Mulji & Co.	Sheik Memon Street, Bombay
310	" Jamnadas Ramdas	" Jamnadas Ramdas & Co.,	31, Hanam Street Fort, Bombay

311	" W. Mackenzie	" The Tata Industrial Bank, Ltd.	Wallace Street, Fort, Bombay
312	" Anuntrao Balkrishna Kamat	" B. Sitaram & Sons, Sitaram Laxman & Sons	Hamam Street, Fort, Bombay
313	Hon. Mr. Balkrishna Sitaram Kamat	Messrs. B. Sitaram & Sons, Sitaram Laxman & Sons	Ganesh Khind, Poona
314	Mr. Hakemchand Valamji Kapadia	Mr. Hakemchand Valamji Kapadia	Mulji Jetha Market, Chawk, Bombay
315	" J. H. Bhabha	Messrs. The Tata Hydro Electric Power Supply Co.	Navsari Building, Hornby Rd., Fort, Bombay
316	" Maganlal Kalyanji	Mr. Maganlal Kalyanji	Shree Krishna Building, Hornby Road, Bombay
317	" Dwardkadas Jekisandas	" Dwardkadas Jekisandas	58, Walkeshwar Road, Bombay
318	" Sitaram Keshavdayal Potdar	Messrs. Cheniram Jesraj & Co.	34, do.
319	" Karmalli Ibrahim	" Kasinath D. Khoté & Co.	Khoja Mohalla, Mandvi, Bombay
320	" Tulsidas Moraji Vora	" Hansraj & Co.	20, Elphinstone Circle, Fort, Bombay
321	" Vallabhdas Ranchhoddas	Mr. Vallabhdas Ranchhoddas	70, Apollo Street, Fort, Bombay
322	" Kapilram H. Vakil	" Kapilram H. Vakil	C/o Tata Sons Ltd. Navsari Building, Bombay
323	" K. B. Vibhakar	Messrs. Surji Godhoo & Co.	Khand Bazar, Mandvi, Bombay
324	" P. H. Chichgar	" Prajgi Surji Godhoo & Co.	1 Do.
325	" Chandulal Jumnadas Shah	" Surji Vallabhdas & Co.	50, Church Gate Street, Bombay
326	" Gangaram Tricumdass	" Chaturbhuj Gangaram & Co	Masjid Bunder Road, Bombay
327	" C. J. Vurdhman	" Vurdhman Brothers	Bhat Bazar, Mandvi, Bombay
328	" Jagjivanlal Narayan Mehta	" The Mauritius Shippers Association	93-107, Masjid Bunder Road, Bombay
329	" Naranadas V. Dossa	Mr. Naranadas V. Dossa	14, Hamam Street, Fort, Bombay
330	" Somnath Rupjidas Patel	" Somnath Rupjidas Patel	77-79, 3rd Bhoivada, Bombay
331	" Gordhondas Keshavlal Shah	Messrs. The Advance Trading Co.	14 Medows Street, Fort Bombay
332	" Dawood Haji Nassur	" Nassur Haji Mavji & Co..	Khoja Mohalla, Bombay
333	" Naranadas Assanmal	Mr. Naranadas Assanmal	132, Bhuleshwar Road, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

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Serial No.	Representatives of Members.	Names of Members.	Addresses.
334	Mr. Anrutlal Amerchand Madhavji	Mr. Amerchand Madhavji	Mudi Bazar, Mandvi, Bombay
335	" Pestonji Dorabji Panday	Messrs. The New English Press	371, Hornby Road, Bombay.
336	" Darabshaw Bomanji Dubash	" The Central Pressing & Mfg. Co.	Do. do.
337	" Framji Dorabji Panday	" Dadabhoj Pestonji & Co.	Do. do.
338	" Cutsetji Navroji Saher	" Pestonji Jehangir & Co.	Do. do.
339	" Shiraj A. Vashi	" Shiraj A. Vashi & Co.	47, Apollo Street, Fort, Bombay
340	" Ahmadi Shiraj	" Shaikh Adam Husseinalli Vashi & Co.	Vashi Building, 155-56, Nagdevi Street, Bombay
341	" Laxmidas G. Tejpal	Mr. Laxmidas G. Tejpal	265, Hornby Road, Bombay
342	" Morarji Premji Goculdas	Messrs. M. P. Goculdas & Co.	Meadows Street, Fort, Bombay
343	" Abdul Rasul A. Vishram	" Alladina Vishram & Co.	Mombasa (South Africa)
344	" Morarji Anundji Tana	Mr. Devidas Morarji & Co.	Mulji Jetha Market, Dharamraj Galli, Bombay
345	" Behram N. Karanjiya	" Behram N. Karanjiya	359-61, Abdul Rehman Street, Bombay.
346	" M. N. Gobhai	" M. N. Gobhai	Do. do.
347	" Madhavdas Gaculdas Pasta	" Madhavdas Goculdas Pasta	11, Bastion Road, Bombay
348	" H. Suleman Abdul Wahed	" H. Suleman Abdul Wahed	C/o Messrs. Lutha Ebrahim & Co., Bellasis Road, Byculla, Bombay
349	" Jamnadas Morarji	" Jamnadas Morarji	97, Mint Road, Fort, Bombay
350	" Sarabhai Prataprai	" Sarabhai Prataprai	Madbuli, Grant Road, Bombay
351	" Hon. Sir Dinshaw Manekji Petit	" Hon. Sir Dinshaw Manekji Petit	Hornby Road, Fort, Bombay
352	" Mr. Panachand Manchand	" Mr. Panachand Manchand	259-61, Shaik Memon Street, Bombay
353	" Madanlal Chaudhri	" Messrs. The Bombay Stock Exchange Ltd.	Kalbadevi Road, Bombay

354	" Amratlal Kalidas	Mr. Amratlal Kalidas	Sandhurst Road, Parekh Street, Kaban Bhuvan, Bombay
355	" Maneklal Jethabhai	" Maneklal Jethabhai	Babulnath Road, Bombay
356	" Sobagchand	Messrs. Labchand Motichand & Co.	Singhani Building, Shaik Memon Street, Bombay
357	" Mansukhlal Chhaganlal	Mr. Mansukhlal Chhaganlal	Shree Rami Mansion, Sandhurst Road, Bombay
358	" Karamchand Chunilal	" Karamchand Chunilal	Do. do.
359	" Balkisandas Ramkisandas	" Balkisandas Ramkisandas	No. 36, Vithalvadi, Kalbadevi Road, Bombay
360	" K. R. P. Shroff	" K. R. P. Shroff	80, Esplanade Road, Fort, Bombay
361	" Pesi R. P. Shroff	" Pesi R. P. Shroff	Do. do.
362	" Narandas Manordas	" Narandas Manordas	No. 56; Champa Galli, Shaik Memon Street, Bombay
363	" P. J. Panday	Messrs. C. Framji & Co.	14, Hamam Street, Fort, Bombay
364	" Y. G. Pandit	Mr. Y. G. Pandit	283, Hornby Road, Kavarana Building, Bombay
365	" R. J. Duff	Messrs. The New India Assurance Co., Ltd.	5, Wallace Street, Bombay
366	" Manchershaw Sorabji Bhun- gara	" The United Press of India Ltd.	8-10, Hornji Street, Fort, Bombay
367	" Kanji Karsandas	Mr. Kanji Karsandas	Parsi Bazar Street, Fort, Bombay
368	" Dulerai Vanechand Desai	Messrs. Dulerai & Co.	70, Apollo Street, Fort, Bombay
369	" Pranjivan Vassanji Manji	Mr. Pranjivan Vassanji Manji	Wacha Gandhi Road, New Gamdevi, Bombay.
370	" Jairaj Vassanji Manji	" Jairaj Vassanji Manji	Vishnu Bhuvan, Ridge Road, Bombay
371	" M. K. Chaubal	Messrs. The Bombay Swadeshi Co-operative Stores Co.	Times Building, Hornby Road, Bombay
372	" K. B. N. Kapadia	" The Indian Steel Wire Products, Ltd.	65, Apollo Street, Fort, Bombay.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Serial No.	Representatives of Members.	Names of Members.	Addresses.
373	Mr. Harjivandas Jagjivandas	Messrs. Harjivandas Jagjivandas & Co.	36, Jambulvadi, Kalbadevi Road, Bombay.
374	" Kisandas Mannmohandas Ranji	" The New Kaishr-i-Hind Sp. & W. Co., Ltd.,	Badri Mahal Building, Hornby Road, Bombay.
375	" Vithaldas Bhagvandas	" Vithaldas Bhagvandas & Co.	Mulji Jetha Market, Chikhal Galli, Bombay.
376	" Maganbhai P. Amin	" Maganbhai Amin & Co.	32, Apollo Street, Fort, Bombay.
377	" Virsi Khiyasi	" Chapsey Bhara & Co.	Dana Bunder, Mandvi, Bombay.
378	" Maganlal Purshottamdas	" Purshottam Pranvallabh & Co.	Rogay Building, Apollo St. Bombay.
379	" Bhagvandas Madhavdas	" Madhavdas Rughnathdas & Sons	270-76, Jackeria Musjid, Mandvi, Bombay.
380	" Dharamdas Nagardas	" Laxmichand Dharamdas & Co.	131, Esplanade Road, Fort, Bombay.
381	" Mohanlal Harakhchand	" Mohanlal & Co.	197-200, Shaik Memon Street, Bombay.
382	" Ranchhoddas Varjivandas	" Ranchhoddas Varjivandas & Co.	Kandevari, Madhav Bhuvan, Bombay.
383	" Chhotalal M. Kothari	" Chhotalal Kothari & Co.	Apollo Street, Bombay.
384	" Rughnathdas Laji	" Abubakar Abdul Rehman & Co.	9, Cathedral Street, Bhuleshwar, Bombay.
385	" Karsandas Hargovan	" R. Karsandas & Co.	Mulji Jetha Market, Chawk, Bombay.
386	" Jamnadas Pursbottam	" Jethabhai Hirji & Co.	Do. do.
387	" Vasanji Meghji	" B. Hargovan & Co.	Do. do.
388	" Chhaganlal Karunashanker	" Vithaldas Radhakisan & Co.	Khokheda
389	" Jamnadas Kanji	" Jamnadas Mathuradas & Co.	Mulji Jetha Market, Gopalak Galli, Bombay.

390	Ramdas Karsandas	Mr. Ramdas Karsandas	Do.	Chawk, Bombay
391	" Govindji Dabyabhai Desai	" Govindji Dabyabhai Desai	Mangaldas Building, Princess Street, Bombay.	
392	" D. D. Sethia	Messrs. Shivji Dharamsey Sethia. & Co.	70, Apollo Street, Fort, Bombay.	
393	" A. B. Pandya	" The Malbar Forests & Rubber Co., Ltd.	16, Oak Lane, Fort, Bombay.	
394	" Tarachand H. Khana	Mr. Tarachand H. Khana	74, Homji Street, Bombay.	
395	" Venilal Jekisandas Vakil	" Venilal Jekisandas Vakil	Mulji Jetha Market, Gordhan Galli, Bombay	
396	" Tulsidas Ramdas	" Tulsidas Ramdas	451, C, Valkeshwar Road, Bombay.	
397	" Amritlal Maneklal Thakkar	" Amritlal Maneklal Thakkar	Fida Building, 122, Princess Street, Bombay.	
398	" Jamnadas Narandas Chahevala	" Jamnadas Narandas Chahevala	Alahibag Building, Abdul Rehman Street, Bombay.	
399	" Pragji Dayal Hariani	" Pragji Dayal Hariani	24-32, D'Souza Street, Mandvi, Bombay.	
400	" Morarji Narottam	" Morarji Narottam	78, Walkeshwar, Bombay.	
401	" Sheralli Tarmohmad	Messrs. Dawoodalli & Co.	123, Nagdevi Street, Bombay.	
402	" Jivanlal Chimanlal Setalvad	" J. C. Setalvad & Co.	113, Esplanade Road, Fort, Bombay.	
403	" Narayandas Bhaawanji	" Narayandas Bhaawanji & Co.	D'Souza Street, Vadgadi, Bombay.	
404	" Keshavlal Harakhji Thakkar	" A. M. Thakkar & Co.	Keshav Bag, Princess Street, Bombay.	
405	" Bhimji Premji	" Dossa Hari & Co.	79 A, Musjid Bunder Road, Bombay.	
406	" Naranji Premji	" Purshottam Naranji & Co.	Khojvala Building, Bhandari Street, Bombay.	
407	" Sitaram Laxmidas	" Sitaram & Co.	Churchgate Street, Fort, Bombay.	
408	Mr. Purshottam Hirjee	Messrs. Hirji Govindji & Co.	82, Baroda Street, Dana Bunder, Bombay.	
409	" Chimanlal Mohanlal	" Chimanlal Mohanlal & Co.	Zaveri Bazar, Patel Building, Bombay.	
410	" Ranchhodas Govindji Asher	Mr. Ranchhodas Govindji Asher	Mulji Jetha Market, Dharamraj Galli, Bombay.	
411	" Lali Padamsey	" Lali Padamsey	New Chinch Bunder, Maishri Mansion, Bombay.	
412	" Yesvant Vinayak Dhurandhar	Messrs. Dhurandhar Brothers	303, Hornby Road, Fort, Bombay.	

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Serial No.	Representatives of Members.	Names of Members.	Addresses.
413	Balabhai Jamnadas	" The Gujarat Oil Mill Mfg. Co., Ltd.	Asharva, Post Kalupur, Ahmedabad.
414	V. A. Desai.	" The All-India United Assurance Co., Ltd.	72, Apollo Street, Fort, Bombay.
415	Bomanji C. Gazdar	Mr. Bomanji C. Gazdar	" " " " " 320, Mint Road, Fort, Bombay.
416	Khimji Asher Virji	" Khimji Asher Virji	223, 27 Dongri Street, Bombay.
417	Dhanji Devsey	Messrs. Dhanji Devsey & Co.	32, Apollo Street, Fort, Bombay.
418	B. S. Dubas.	" B. Dubas & Co.	72, Apollo Street, Fort, Bombay.
419	Maneklal Ujamshi	Mr. Maneklal Ujamshi	Khara Kuva, Sk. Memon Street, Bombay.
420	Hiralal Bakordas	" Hiralal Bakordas	Vishram Building, Sandhurst Road, Bombay.
421	Ranchhoddas Harjivandas Gandhi	" Ranchhoddas Harjivandas Gandhi	" " " " " 320, Mint Road, Fort, Bombay.
422	Thackersey Mahashankar	Messrs. Thackersey Mahashankar & Co.	Kumbharvada 2nd Lane, Sandhurst Road, Bombay.
423	Dharamsey Bhawanji	" Bhawanji Harbham & Co.	2nd Panjara Pole Lane, Bombay.
424	Ladakchand Oghaddas Vora	Mr. Ladakchand Oghaddas Vora	Issak Building, Sandhurst Road, Bombay.
425	Ratilal Tribhovandas	Messrs. Ratilal & Co.	Cotton Cabin, Mumbadevi Bombay.
426	Dossabhai Maganlal	Mr. Dossabhai Maganlal	Khara Kuva, Sk. Memon Street, Bombay.
427	Hormasji Cooverji Mody	" Hormasji Cooverji Mody	Byramji Jijibhai Road, Bandra.
428	Narayandas Girdhardas	" Narayandas Girdhardas	580, Sk. Memon Street, Bombay.
429	Sorab Framji Bharoocha	" Sorab Framji Bharoocha	7-10, Elphinstone Circle, Fort, Bombay.
430	Viccaji Ardesbar Taraporvala	" Viccaji Ardesbar Taraporvala	" " " " " 123, Esplanade Road, Fort, Bombay.
431	Mahmod Usman Jamal	Messrs. Mahmod Usman & Sons	Vithaldas Road, Princess Street, Bombay.
432	Maganlal Dahyabhai	" Dahyabhai Vassanji & Sons	25, Medows Street, Fort, Bombay.
433	S. K. Daftari	" Husseinbhoj & Co.	" " " " " 123, Esplanade Road, Fort, Bombay.

434	" Keshavlal Harilal Setalvad	" M. Kanji & Co.	Cavasji Patel Street, Fort, Bombay.
435	Mr. Sangidas Jesiram Rai Saheb	Messrs. Sangidas Jesiram Rai Saheb	39-41, Apollo Street, Fort, Bombay
436	" Praykadas Narandas Kanji	" Narandas Kanji & Co.	Mulji Jetha Market, Chawk Bombay
437	" Kanji Dwarakadas	Mr. Kanji Dwarakadas	Chartered Bank Building, Esplanade Road, Fort, Bombay
438	" Jannadas Dwarakadas	Messrs. Jannadas Karsandas & Co.	Samuel Street, Mandvi, Bombay
439	" Karsandas Tejpal	" Karsandas Tejpal & Co.	" " " " " "
440	" Tricundas Dwarakadas	" Tricundas Karsandas & Co.	Chartered Bank Building, Esplanade Road, Bombay
441	" Ramanbhai Lalbhai Seth	" Bechardas Manchand	Khara Kuva, Sk. Memon Street, Bombay
442	" Punsey Hirji Maishri	" The Cutch Steam Navigation Co., Ltd.	Maishri Mansion, Umarkhadi, Bombay
443	" Kasturbhai M. Nagarseeth	" M. Nagerseeth & Sons	Esplanade Road, Fort, Bombay
444	" Shamji Hemraj	" Shamji Hemraj & Co.	118, Great Western Building, Apollo Street, Bombay
445	" Ratanchand Rawley	" The Sholapur Sp. & W. Co., Ltd.	46, Tamarind Lane, Fort, Bombay
446	" Laxmidas G. Dossa	" Goculdas Dossa & Co.	14, Hamam Street, Fort, Bombay
447	" Govind N. Pranipe	" S. Lall & Co.	629, Girgaum Road, Bombay
448	" Burjorji Dorabji Panday	Mr. Burjorji Dorabji Panday	371, Apollo Street, Fort, Bombay
449	" Morarji & Hormasji	Messrs. Morarji & Hormasji	Mulji Jetha Market, 22, Champa Galli, Bombay
450	" Bomanji Dorabji Kapadia	Mr. Bomanji Dorabji Kapadia	Engineer Building, Princess Street, Bombay
451	" Hiralal Gordhandas	Messrs. The Bombay Automobiles	Hughes Road, Bombay
452	" Gopalji Ramji	" Gopalji Chapsey & Co.	" Laxminivas," Sandhurst Road, Bombay
453	" Chandulal Manilal	" Chandulal Manilal & Co.	Kambekar Street, Mandvi, Bombay
454	" Motiram Waghi	" Pragji Liladhar & Co.	Mulji Jetha Market, Dharamraj Galli, Bombay
455	" Purbottam Dayal Thakkar	" Thakkar & Co.	Iharia
456	" Govindji Kuberdas Kapadia	Mr. Govindji Kuberdas Kapadia	Banian Street, Govind Building, Bombay
457	" Chimanlal Kalyandas	Messrs. Chimanlal Kalyandas & Co.	3, Tamarind Lane, Fort, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

23a

Serial No.	Representatives of Members.	Names of Members.	Addresses.
458	Nensey Chapsey	" Gopalji Chapsey & Co.	303, Hornby Road, Fort, Bombay
459	" Nanu N. Bharucha	Messrs. Nanu N. Bharucha & Co.	Frere Road, Bombay
460	" Mahmedhussein Husseinalli Khambhata	" H. A. Khambhata & Co.	13-14, Lohar Chawl, Bombay
461	" Ruttonchund Tullockchund Master	" Master Sons & Co.	23, Medows Street, Bombay
462	" Gustadji Dossabhoy Billimoria	Mr. Gustadji Dossabhoy Billimoria	Chinoy Mansion, Colaba, Bombay
463	" Chandulal Jamnadas Shah	" Chandulal Jamnadas Shah	Happy House, 1st Parsiwada, Bombay
464	" Raghavji Purshottam	" Raghavji Purshottam	C/o Currimbhai Ibrahim & Sons Vitthalwadi, Bombay
465	" L. G. Mahajani	" L. G. Mahajani	50, Churchgate Street, Bombay
466	" Meherjibhai Bomanji Cooper	Messrs. Cooper & Cooper	Frere Road, Bombay
467	" Thakorlal Hiratal Vakil	" Vakil Brothers	73, Apollo Street, Bombay
468	" Dwarkadas Chandiram	" Tarachand Tiloomal	Barbhai Mohalla, Bombay
469	" Chunilal Baldevdas	Mr. Chunilal Baldevdas	C/o Jamnadas Chunilal, Tamba Kanta, No. 516, Bombay
470	" P. J. Kanga	Messrs. Tata Construction Co., Ltd.	Ismail Building, Bombay
471	" Korsi Mousi	" Kurpal Dungershi & Co.	Bhat Bazar, Mandvi, Bombay
472	" Keshavji Damji Hirji	Mr. Keshavji Damji Hirji	Samuel Street, Mandvi, Bombay
473	" Veerji Peraj	Messrs. Chaturbhuj Peraj & Co.	Maskai Building, Bhandari Street, Bombay
474	" Odhavji Tulsidas	" Nathubhai Meghji	Ismailbhai Dossa Building, Kolivada Mandvi, Bombay
475	" Damodar Hariram	" Nathubhai Meghji Tana	36, Mirchi Lane, Mandvi, Bombay
476	" H. H. Belgaumwalla	Mr. H. H. Belgaumwalla	Warden Road, Bombay

477	"	Nowroji H. Belgaumwalla	"	Nowroji H. Belgaumwalla	C/o The Bombay Samachar Office, Frere Road, Bombay
478	Mr. L. B. Phatak		Mr. L. B. Phatak		19, Keshav Ashram, Sandhurst Road, Bombay
479	"	Kaikhasroo R. P. Shroff	Messrs. The Native Share & Stock Brokers' Association		Dalal Street, Fort, Bombay
480	"	S. C. Bannerji	Marsland Price & Co., Ltd.		Nesbit Road, Mazgaon, Bombay
481	"	Khushal T. Shah	Mr. Khushal T. Shah		Esplanade Road, Bombay
482	"	Bhikhabhoy Ranchand	Messrs. Chhotalal Bhikhabhoy & Co.		13, Tamarind Lane, Fort, Bombay
483	"	Narotam V. Purshotam	"	Vithal Purshotam & Son	2nd Khetwadi Lane, Sandhurst Road, Bombay
484	"	Nensey Tejpal	Mr. Nensey Tejpal		Nana Colaba, Thomas Street, Bombay
485	"	Jagjivan Ujamshi	Messrs. Kanilal Jayantil		Vithal Vadi, Bombay
486	"	Purshotam Rattansey	Mr. Purshotam Rattansey		Dalal Street, Fort, Bombay
487	"	Framroze A. Mody	"	Framroze A. Mody	4, Cama Street, Fort, Bombay
488	"	Phiroze Sorabji Contractor	"	Phiroze Sorabji Contractor	Sorab Building, Armiston Road, Apollo Bunder, Bombay
489	Mr. Kanaiyalal Keshavlal		Messrs. The Japan & Shanghai Silk Merchants' Association		Jackeria Musjid, Bombay
490	"	Ramjee Pethabhai	"	The Karachi Indian Merchants' Association	Karachi
491	"	Duncan Edward Sandeman	"	The Scindhia Steam Navigation Co., Ltd.	Ismael Building, Hornby Road, Fort, Bombay
492	"	Ranchhoddas Tribhovandas Popavala	Mr. Ranchhoddas Tribhovandas Popavala.		1-3, Girgaum Back Road, Bombay
493	"	Husseinbhai A. Laljee	Messrs. Abdullahbhai Laljee & Co.		Samuel Street, Mandvi, Bombay
494	"	Navroji Ardeshir Narielwala	"	A. S. Narielwala & Co.	6, Apollo Street, Fort, Bombay
495	"	Balvant Krishna Rao Wagle	Mr. Balvant Krishna Rao Wagle.		8, Kandewady, Girgaum, Bombay
496	"	Sir M. Vishvesvaraya.	Sir M. Vishvesvaraya		3, Warden Road, Bombay
497	Mr. Bakubhai Manshukhbhai		Messrs. Bakubhai Ambalal & Co.		65, Apollo Street, Fort, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Serial No.	Representatives of Members.	Names of Members.	Addresses.
498	Sir Jamsetjee Jijibhai Bt.	Sir Jamsetjee Jijibhai, Bt.	Mazgaon Castle, Bombay.
499	Mr. C. B. Nanavati	Messrs. Nanavati Vevaina & Co.	4, Bruce Lane, Fort, Bombay
500	" Nathalal Dayaldas	" Nathalal Girdharlal & Co.	Kalbadevi, Kansara Chawli, Bombay
501	" S. D. Bhedwar.	" The Kinsmen Trading Co.	24, Churchgate Street, Fort, Bombay
502	" J. A. Kimbar	" The Jupiter General Insurance Co., Ltd.	Tamarind Lane, Fort, Bombay
503	Mr. A. B. Oliphant	Messrs. The Union Bank of India Ltd.	Fort, Bombay
504	" Samaldas Lilachand	Mr. Samaldas Lilachand	Luharchawl, Harharvala Building, Bombay
505	" J. R. Gilder	" J. R. Gilder	Bazar gate Street, Fort, Bombay
506	" Mahamod Haji Aboo	" Mahamod Haji Aboo	101, Cutlery Bazar, Bombay
507	" Gulabchand Devchand	Messrs. The Pearl Merchant's and Jewellers' Association	39-41, Apollo Street, Fort, Bombay
508	" R. N. Bapasola	Mr. R. N. Bapasola	Karanjia Building, Grant Road, Bombay
509	" Ratanchand Khimchand Motishah	Messrs. R. K. Motishah & Co.	11, Hamam Street, Fort, Bombay
510	" Mannohandas Madhavdas Amersey	" Amersey & Sons	Ismail Building, 381, Hornby Road, Bombay
511	" Surji Tricumdas Kothari	Mr. Surji Tricumdas Kothari	15-19, Samuel Street, Mandvi, Bombay 3
512	" Lalji Rowji Khant	" Lalji Rowji Khant	15-19, Samuel Street, Mandvi Bombay 3
513	" Narsingdas Sadani	Messrs. Gambharchand Kedarnath	558, Sk. Memon Street Bombay
514	" Dwarkadas Ratansey	" Karsandas Ránchoðdas	66, Bazar Gate Street, Fort, Bombay
515	" (Managing Agents) Messrs. Khosla & Co.	" The Industrial and Exchange Bank of India Ltd.	Opp. General Post Office, Fort, Bombay
516	Mr. Keki D. Billimoria	" Dadiba H. Billimoria & Co.	39-41, Apollo Street, Fort, Bombay

LIST OF MAGAZINES AND JOURNALS RECEIVED IN THE CHAMBER'S OFFICE.

Quarterly.

1. Bombay Co-operative Quarterly.
2. British Export Register of London.
3. Journal of the Indian Industries and Labour.

Monthly.

4. Agricultural Journal of India.
5. Asian Review of Japan.
6. Bhagyo laya (Gujarati).
7. Budhi Prakasha (Gujarati).
8. Birmingham Chamber of Commerce Journal of Birmingham.
9. Chetan (Gujarati).
10. Cotton Spinning and Weaving in Indian Mills.
11. Digambar Jain (Gujarati).
12. Dayan Vardhak and Masik Mitra (Gujarati).
13. Export and Import Review.
14. Glasgow Chamber of Commerce Journal.
15. Harper's Magazine of London.
16. Indian Business.
17. Indian Economic Society's Journal.
18. Indian Textile Journal.
19. Industrial India.
20. International Review of Rome.
21. International Review of Agricultural Economics of London.
22. International Trade Developer of London.
23. Khetiwadi Vidnyan (Gujarati).
24. Labour Office Gazette (Bombay).
25. Manchester Chamber of Commerce Journal.
26. Modern Review.
27. Netherland Indis Review of Netherland.
28. Patent Office Journal.

29. Rushi Mukh (Gujarati).
30. Sahitya (Gujarati)
31. Sea-borne Trade of British India.
32. System.
33. Trade by Land of British India.
34. Udyam (Marathi).
35. Vaidya Kalpataru (Gujarati).
36. Vasant. (Gujarati)

Weekly.

37. Board of Trade Journal of London.
38. Bombay Government Gazette (all Parts).
39. Capital.
40. Commerce.
41. Commerce and Finance of New York.
42. Commercial and Financial Chronicle of New York.
43. Commercial Intelligence Journal of Canada.
44. Commerce Report of London.
45. Cotton Return.
46. Economist.
47. Gazette of India (all Parts).
48. Indian Trade Journal.
49. International Crop Report of Rome.
50. Investors' Review.]
51. Japan Times and Mail (Weekly).
52. London Chamber of Commerce Journal of London.
53. Mysore Chamber of Commerce Price Report.
54. Nation and the Athenæum.
55. Statist.
56. Times Trade Supplement of London.
57. Textile Mercury of London.

All Government Publications are supplied free to the Chamber.

MEMBERS OF THE COMMITTEE OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU FOR THE YEAR

1922.

CHAIRMAN.

Mr. Purshotamdas Thakurdas, C.I.E., M.B.E., M.L.C.

VICE-CHAIRMAN.

Mr. Devidas Madhavji Thakersey.

MEMBERS.

1. Mr Manmohandas Ramji, M.L.A.
2. „ Lalji Naranji.
3. „ Hansraj Pragji Thakersey.
4. Hon. Mr. Lallubhai Samaldas, C.I.E.
5. Mr. Jehangir B. Petit, M.L.C.
6. Sir Vithaldas D. Thakersey, M.L.A.
7. Mr. Motilal Kanji.
8. „ Fazul Ibrahim Rahimtulla.
9. „ Motilal Vallabhji.
10. „ B. F. Madan.
11. „ Ishvardas Laxmidas.
12. „ N. M. Muzumdar.
13. Hon. Mr. Phiroze C. Sethna.
14. Mr. Jamnadas Vasanji Manji.
15. „ Kikabhoy Premchand.
16. „ Vallabhdas Chaturbhuj Shivji.
17. „ Morarji Mulraj Khatau.
18. „ Girjashanker B. Trivedi, M.L.C.
19. „ S. B. Billimoria.
20. „ Walchand Hirachand.
21. „ Mahomedbhoy Hajibhoy Lalji.
22. „ Mavji Govindji Sheth.
23. „ Jamnadas Dwarkadas, M.L.A.

Co-opted Members under rule 25 of the Rules and Regulations of the Chamber.

1. Mr. Manu Subedar.
2. „ S. R. Bomanji.
3. „ Mathuradas Vasanji Khimji.
4. Sir Fazulbhoy Currimbhoy.
5. Mr. Soorji Vallabhdas.

CHAIRMEN OF THE INDIAN MERCHANTS' CHAMBER & BUREAU.

- Mr. Manmohandas Ramji, M.L.A., 1907-1913.
 „ Purshotamdas Thakurdas, C.I.E., M.B.E., M.L.C., 1913-14.
 Sir Fazulbhoy Currimbhoy, 1914-15.
 Hon. Sir Dinshaw Edulji Wacha, 1915-16.
 „ Mr. Lallubhai Samaldas, C.I.E., 1916-17.
 Sir Vitthaldas D. Thakersey, M.L.A., 1917-18.
 Hon. Mr. Chunilal V. Mehta, 1918-19.
 Mr. Jehangir B. Petit, M.L.C., 1919-20.
 „ Lalji Naranji, 1920-21.

SECRETARY :—Mr. J. K. Mehta, M.A.

ASST. SECRETARIES :— { Mr. S. M. Muzumdar, M.A., LL.B.
 { „ K. M. Desai, B. Com.

Representative on the Indian Legislative Assembly :—

Mr. Manmohandas Ramji, M.L.A.

Representative on the Bombay Legislative Council :—

Hon. Mr. Chunilal V. Mehta.

Representative on the Advisory Committee of the Director of Industries,

Bombay :—

Mr. Lalji Naranji,

Representative on the Advisory Committee to the Bombay Development Department:—

Mr. Lalji Naranji,

Representative on the Indian Central Cotton Committee:—

Mr. Mathuradas VasANJI Khimji,

Representative on the Advisory Committee of the Royal Institute of Science, Bombay:—

Mr. Purshotamdas Thakurdas, C.I.E., M.B.E., M.L.C.

Representative on the Advisory Committee of the Grant Medical College, Bombay:—

Mr. Purshotamdas Thakurdas, C.I.E., M.B.E., M.L.C. (Ex-Officio).

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THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

ANNUAL GENERAL MEETING.

The Fourteenth Annual General Meeting of the Chamber was held at the office of the Chamber on Saturday, the 4th February 1921, at 3 p.m. (S.T.) to transact the following business:—

- (i) To receive the report of the Managing Committee for 1920-1921 (from September 1920 to December 1921).
- (ii) To declare the result of the election of the Members of the new Committee.
- (iii) To appoint an Auditor to the Chamber for the ensuing year.
- (iv) To consider the 24 proposals brought forward by Mr. W. T. Halai, of which due notice was given.

Mr. Lalji Naranji, Chairman of the Chamber, presided.

The following members were present:—

1. Mr. Lalji Naranji ; 2. Mr. Hansraj P. Thakersey ; 3. Mr. Purshotamdas Thakurdas ; 4. Mr. Ramdas Ranchoddas ; 5. Mr. Govardhandas Haridas ; 6. Mr. Deyidas Shamji ; 7. Mr. Keshavji Ramji Lakshmidas ; 8.

Mr. Narandas Purshotam; 9. Mr. Bhalchandra Balvant; 10. Mr. Mavji Govindji Sheth; 11. Mr. Shamaldas Lilachand; 12. Mr. R. C. Sohoni; 13. Mr. Mathuradas Valji; 14. Mr. V. A. Desai; 15. Mr. Valabhdas Ranchoddas; 16. Mr. Kaikobad Kavasji Dinsba; 17. Mr. Moolji Ranchod Ved; 18. Mr. Goverdhandas Ranchoddas Bhagat; 19. Mr. Matharadas Haribhai; 20. Mr. Tricamdas Chakubhai; 21. Mr. Jamnadas Harakji; 22. Mr. Keshavji Damji Hirji; 23. Mr. W. T. Halai; 24. Mr. Govind Paranjpe; 25. Mr. Damodar Valji; 26. Mr. Narotaindas Dharamdas; 27. Mr. S. R. Bomanji; 28. Mr. Karsandas Premji; 29. Hon. Mr. P. C. Sethna; 30. Mr. Jamnadas Vasanji Manji; 31. Mr. Karsandas Koorji Dharmsay; 32. Mr. Chaturbhuj Govardhandas; 33. Mr. Revashanker Jagjivan; 34. Mr. M. V. Merchant; 35. Mr. Morarji Hemraj; 36. Mr. Ranchodas Valabhdas Kanji; 37. Mr. Dwarkadas Ravji Naranji; 38. Mr. Lalji Govindji; 39. Mr. K. T. Shah; 40. Mr. Fazal Ibrahim; 41. Mr. Naranji Narsey; 42. Mr. Ranchoddas Harjivandas Gandhi; 43. Mr. Purshotam Lalji; 44. Mr. Lalji Tricamji; 45. Mr. J. R. Gilder; 46. Mr. Daud Haji Nasar; 47. Mr. Mathuradas Valji; 48. Mr. Ghela Dayal; 49. Mr. Madhavlal Makanji; 50. Mr. R. M. Bhat; 51. Mr. G. D. Trivedi; 52. Mr. N. M. Muzumdar; 53. Mr. Karsandas Hargovandas; 54. Mr. Manu Subedar; 55. Mr. Valabhdas Ghaturbhuj Shivji; 56. Mr. N. S. Gazdar; 57. Mr. Manmohandas Ramji; 58. Mr. Pranjivan Vasanji Manji; 59. Mr. Mansukhlal A.; 60. Mr. Valji Ibji; 61. Mr. K. T. Ravji; 62. Mr. R. T. Popawala; 63. Mr. Jagjivandas Govardhandas; 64. Mr. Harjivandas Valji; 65. Mr. Maneklal Bhaidas. 66. Mr. Jivraj Vasanji Manji; 67. Mr. M. A. Mehta; 68. Mr. M. P. Madan; 69. Mr. B. F. Madan; 70. Mr. Morarji Mulraj Khatau; 71. Mr. Dwarkadas Gowardhandas; 72. Mr. Mansukhlal Ogadbhai; 73. Mr. Hormasjee Bapoojee Gazdar; 74. Mr. Ramanbhai Lalbhai; 75. Mr. Lalubhai Samaldas and others.

In proposing the adoption of the Report, Mr. Lalji Naranji, Chairman, made the following speech :—

Gentlemen,

We have before us the Report of work done during the last fifteen months by the Committee elected by you, which has been previously print-

ed and circulated among all the members. Before proposing however, for the adoption of this Report and the audited Balance Sheet, I should like, without taking much of your time, to discuss briefly certain topics of general interest.

Currency and Exchange Policy.

In this connection, your Committee have placed their views before the Government whenever necessary and whenever your Committee thought it proper to do so; and Sir Vithaldas Thakersey ought to be congratulated for opening up this question by bringing it before the Indian Legislative Assembly. But we are sorry to note that his resolution asking for the appointment of a Committee to inquire into the question has been thrown off. The sum and substance expressed by your Committee in this matter is that the law which fixes the rate of exchange at 2 s. should be repealed without delay. Although the Hon'ble Sir Hailey, the Finance Member of the Government of India, has assured the House that the Secretary of State will not take any advantage under the shelter of that law but even with such an assurance I must frankly say that that law must no longer be allowed to remain on the Statute Book. The Hon. Member in defence has also stated that owing to dislocation of the international exchanges India also had to share the exchange troubles. Admitting what the Hon. Member said, I yet contend that the Secretary of State for India ought not to be invested with the power of determining exchange at 2 s. to a rupee, and I confidently say that the Government of India will not earn the confidence of the Indian commercial community till such a power remains in the hands of the Secretary of State even as a dead-letter.

In matters of Currency, some Currency experts are also of opinion to renew the silver currency but I believe the general consensus of opinion is in favour of an adoption of a gold standard with a gold currency. Sir Vithaldas Thakersey rightly attacked the faulty system of locating the Gold Standard Reserve in England and in that connection, our Chamber has also drawn the attention of the Government of India times out of number and I confidently hope that out of respect to the unanimous commercial opinion on this point the Government of India will immediately see the

desirability of transferring the Gold Standard Reserve from England to India.

Report of the Railway Finance Committee.

You are aware that our Chamber while submitting its memorandum to the Indian Railway Committee for consideration made a recommendation for the separation of Railway Budget from the General Budget of the country. The Indian Railway Committee were also unanimous on this point and had also made a similar recommendation. The Railway Finance Committee composed of both the Houses of the Indian Legislature very recently considered that recommendation emanating from the Indian Railway Committee. We have not got before us the facts which the Hon'ble Sir Hailey might have placed before that Finance Committee but from their report which came to us through the press we have come to know that the whole Committee have unanimously rejected the proposal for the separation of the Railway budget from the General Budget of the country. As an argument it has been stated that if the railway finances were to be set apart from the general finances of the country it will create a big deficit in the general revenues. I, for one, cannot agree with this fancied fear because in that argument the following two points are not made clear. Firstly that the nett earning of railways must be appropriated to the railway development purposes, a recommendation with which I cannot agree. The second point is that the railway budget should be prepared separately and that from 5 to 6 per cent. of the nett profits should be set apart as interest for the Government funds appropriated to railway purposes and the surplus, if any, might be appropriated for the development of railways. I am agreeable to this proposal and I believe that the present policy is opposed to all business principles, as for example, certain sums are shown as assets in capital accounts while as a matter of fact, those assets are for all practical purposes, valueless. I believe that if railways are run as a separate Department and if any question of the development of a new line arises, the prospect of its being profitable or otherwise might be determined beforehand; and if after those and similar precautions it is found necessary that the development of a particular line is necessary a special loan could be raised for that purpose without any difficulty. I hope the Government of India

will again inquire into this matter and adopt the policy of running the Indian railways with exclusive revenues and as a separate business concern. Whilst we are on this subject I may also in passing say that the railway rates should not weigh so heavily on the commerce of the country, and any attempt on the part of the railway authorities to swell their figures for profits by a general increase in rates to the detriment of the commercial prosperity of the country is short-sighted and undesirable.

The Purchase of Stores by the Government of India.

I was a member on this Committee and I regret to say that the Government of India have set aside the recommendations of the majority and have thought fit to take action upon the minority report which was signed by one officer of the Secretary of State and another officer of the Government of India, the former till recently the Controller of Stores in London and the latter recently appointed to succeed him. On the side of the majority were the representatives of the Railways, Military and the Public Works Department of the Government of India as also representatives of English business houses and two Indians. It is a matter of regret that setting aside the views of this weighty majority and without bringing the matter before the Legislative Assembly, the Government of India have taken action on the minority report and have issued draft rules for the supply of Stores for the Public services. I hope that the recommendations which our Chamber has made to the Government of India in this respect will again be brought before the Legislative Assembly by some of our Members with a view to stopping this injustice to Indian interests.

Report of the Railway Committee:

The Report of this Committee has been very lately published and Mr. Purshotamdas Thakurdas has rendered valuable services to the country as a member of the Committee. The chief question before the Committee was that of State versus Company management and it is a matter of satisfaction that Mr. Purshotamdas Thakurdas has been successful in coming with him on the question of management an able and expert authority in railway matters like Sir William Acworth. We

hope the Government of India will take immediate steps upon the report of the Committee.

Tariff Commission.

You are aware that the Tariff Commission is at the moment taking evidence in India and collecting information from the businessmen and experts of the different Presidencies. The Commission is shortly due to arrive in Bombay when our Chamber will submit its views before them. We had made a strong representation to the Government of India for an Indian Chairman on such a Commission and we are glad to note that Government had paid due regard to our proposal and appointed an illustrious administrator of this Presidency, I mean, the Hon'ble Sir Ibrahim Rahimtulla, as the Chairman of the Commission. Any further comments or anticipations on this subject would be premature.

Banking, Insurance and Shipping.

In considering the economic well-being of a country, the main questions which naturally arise are three:—Banking, (2) Insurance and (3) Shipping and means of communications. On the first head, viz., Banking, I regret to say that the Imperial Bank of India which can truly be termed the State Bank, is under the control of the Government and not that of the people. Not only that but whether or not the said Bank should deal in exchange business is also left to be determined by Government. Foreign banks may establish themselves in our country. They may receive large deposits from our businessmen. But the Government seem to have no inclination of controlling their operations with a view to safeguarding the interests of Indian depositors. India has to keep an open door for Portugese, Japanese, Dutch or any other foreign banks; while our own banks are denied the similar right of establishing themselves even in London, the Capital of the British Empire. When this sort of treatment is meted out to Indian Banks in the British Empire, any hope of receiving honourable treatment at the hands of foreign countries is absolutely out of the question. I submit that the Government of India should retaliate against those countries which do not accord a reciprocal treatment to Indians.

With regard to Insurance, foreign companies are amassing business in India to the extent of crores of rupees, but they are not required to invest any portion of their capital in Government securities. Nor are they required to submit a statement of the risks undertaken by them. Government do not inquire whether such companies are in a position to shoulder the responsibilities undertaken by them. If we go to America, there it is a condition precedent before starting any business that we should invest a certain amount of our capital in the American securities and appoint an American Agent. In Spain also business is possible for foreign companies only through a Spanish firm. In India we have no such safeguards against the operations of foreign companies. On the contrary, Government are actually encouraging foreign business. I hope this matter will be brought before the Legislative Assembly and some sort of control will be placed on the foreign companies doing such business in India.

In the matter of shipping also we see that our own indigenous shipping companies have to face unfair competition from the foreign shipping companies, in our own waters; and no legislative bar is being put to check such unfair competition. Far from that, the Government of India are handing over marine transport business to English shipping companies to the total exclusion of Indian shipping companies. Gentlemen, I say this not from mere hearsay but from my own personal experience. And I hope this matter will also be brought before the Assembly for effective solution.

The Budget.

In a short time the Annual Budget of the Government of India will be placed before the Assembly. The general belief in this respect is that there will be a heavy deficit. There is also a rumour that to make good a part of this deficit an import duty will be levied on silver. I hope that in conformity with the express recommendation of this Chamber the trade in precious metals will be left free and that the Government of India will not subject silver to an import duty as is feared by the commercial public. The right way of meeting the deficit is not by levying extra taxation, but by effectively curtailing the military expenditure which absorbs more than 50 per cent, of the total revenues of the country. In all other civilised

countries military expenditure consumes only 20 to 25 per cent. of the gross revenues. I hope that the resolution recently passed by the Indian Legislative Assembly for the placing of the whole of the Budget for the votes of the Assembly will not be vetoed by H. E. the Viceroy.

I should like to take this opportunity of mentioning the name of the Hon'ble Mr. Chunilal V. Mehta whose services our Committee had unfortunately to lose on his appointment as one of the Ministers of the Government of Bombay, though it is a matter of satisfaction to us that he continues to be our representative on the Bombay Legislative Council, and in that capacity is rendering this Presidency services in causes the Chamber has so much at heart.

Our permanent Secretary, Mr. J. K. Mehta, who was deputed by the Chamber to visit the leading business Associations and Chambers in Continental Europe and in England is now in London and he is expected to be in our midst by the end of March. And I hope after he has submitted his report to the Committee, the Chamber will have the benefit of his enlarged experience.

May I venture to submit a few very general observations before I close? We live today in a world of industrial and commercial development. Call it material civilisation if you like. But while the rest of the world is daily harnessing nature, more and more, in the service of man, for his one and many needs; while the rest of the world is struggling to develop its resources, human and material, no single country, least of all, this old, old land we live in, can afford for one moment to tarry in its onward industrial and commercial progress. I shall not attempt to look too far into the future; but one thing is certain that this civilisation is not going to die out at any distant time the mind's eye can reach. Linked on, in every day intercourse, with the rest of the industrial and commercial world, we cannot afford to remain where we are, much less to take one backward step. It is, after all, the old, old struggle for existence in its modern garb, a struggle for the conquest of nature, a struggle to bring out all that is best out of man and his surroundings. The race is to the swiftest, and the

battle to the strong. And he who shirks the common task of the growth of mankind goes to the wall.

The war which destroyed so much of the capital of the world has hurled us all in a depression, into depths, the like of which we have not seen before. But these very depths will urge, goad and stiffen the manufacturing countries of the world to conquer fresh fields and pastures new, and from them to restore their depleted wealth, and pay their debts. And I have no doubt that in the near future we shall be faced with an attack with all the might that they can command. I say this because I want you all, all who have the moral and material progress of this country at heart, — I do not care what their political opinions are — — to stand together, to close the ranks and unite for the one great purpose of defending the economic, which are the vital interests of our land. Say what you will, Money is Power: and poverty is but the slogan of the cynic, who has no place in the forward ranks that will fight for the economic freedom of the country. I do not wish to be misunderstood while I am on this ground. I have the political freedom of my country at heart, as much as any other man, within whom rings the true patriotic chord. I have my sympathy and admiration for all who are working for our political salvation. I believe in the businessman helping the politician within the limits of his own abilities. But I should expect a corresponding sympathy from the politician; for you can never divorce political growth from the economic. We in our own humble spheres have striven, are striving and will strive towards the common end in the attainment of which we can all serve each in our own sphere. And I say this with all the emphasis at my command that this Chamber has a right to the active support not only of the Indian Businessman, but of the Indian politician too, — nay of every man who has at heart one of the country's most vital interests. Have we not fought on issues closely bound up with the political administration of the country? Have we not joined hands with movements calculated to release us, in some way, to whatever little extent, from the economic bondage of the rest of the industrial world? And have we not stood up against political inequities that affect our economic well-being? Any constructive programme of production, any movement which has for its object the conserva-

tion of our wealth, any attempt to increase it, has, and must needs have, our most cordial support. And I can express with candour and frankness my admiration for that part of Mahatma Gandhi's programme which seeks to make every human being toil and spin, to produce, or help to produce, for himself that which he wants for his own needs. That is an aspect of the true Swadeshi. It is an aspect also with which all businessmen are closely identified, in varying degrees and in diverse fields. For, to me the industrial growth of a country is of as great a value as its political growth. Let those, who more fittingly can, serve the other, and we shall extend to them our hand and our heart in the realisation of a higher and common citizenship. But I draw the line at any action calculated to disrupt society, any action calculated to scatter the ranks, to loosen discipline, or prevent corporate effort. Whether such an action is taken by Government or by politicians of any School, I can have no sympathy for it. I stand for freedom of speech and association, as all of us should. But I also stand for peace and stable conditions without which all progress is impossible. And if progress is our goal, sure progress,—even rapid progress, if you please,—any forces that hold us back in the upward march, from whatever source they come, deserve the condemnation of every rightminded individual. And mind you, Governments, as well as politicians ought not to be immune from, or impervious to, just reprobation. I want you and everyone only to hold the scales even between the economic and political interests of the country. Do nothing to hold back one of the pair, and flog the other on ahead. For then the chariot will not move. Rather let it be that both steeds, linked in a common harness, take us jointly further and quicker on the road of progress. Do not goad one to the point of collapse, nor—as far as this Chamber is concerned—hold back the steed that will also help to take you to the goal we are pursuing. Remember that the task will not end with the attainment of Swaraj, of economic and political freedom. The gates of that freedom will be but the *beginning* of our national life. Think of the problem, think of the multifarious needs, think of the many activities that we shall have to undertake, think of the responsibilities we shall be faced with when we are once in that new region. Then only will begin the reconstruction and growth that will last. And in that region shall we need more than ever the co-operation and the fellowship of the businessman and the politician, to enable us all to grow and to develop and to prosper. I want you to stretch your vision to that day when we shall have to be brothers all,

co-operators all with one another to march hand in hand to secure the fruits of victory, and realise many a fond hope translated into the well-being and greatness of this great land. Let us not, therefore, spend our energies at the moment in a conflict of opinions, in a squabble, in a fractricidal struggle, that will and must drain our strength. For engaged in such wars within ourselves, the vital interests of the country suffer; Rome burns; and a paralysis creeps alike over the industrialist, businessman and trader, who are, after all, the producers and distributors of the wealth of the country. Of what avail to the country, if their functions are weakened or deadened? We all want peace and progress. But peace without progress is impossible. Neither is progress possible without peace. And I would like Governments and politicians alike to bear respectively in mind these two aspects of one truth. Once they realise this our course will be clear, and our path smoother, I only plead for harmony and growth: one at the expense of the other is futile. And if we value that future in which we must and shall have to meet on a common path to help ourselves in the race onward in all that we hold dear in life, individual and national, let us each and all narrow down seeming differences into a reconciliation on which alone the country can unitedly march. On that road lies salvation.

In conclusion, I have to thank you all for the spirit of moderation that you have shown in spite of your firm convictions in certain matters. My special thanks are also due to the Members of the retiring Committee whose whole-hearted confidence I enjoyed for more than a period of 15 months on all important matters that came before them for consideration. I have also to thank the Secretary and the staff of the Chamber for the care and promptitude with which they attended to the duties of the office during my term of office. I again thank you, one and all, for your kindness and wish that the Chamber which has done signal service to the cause of commerce and industries of the country may in future render still greater services to the country and thereby bring it to a level with the other industrial countries of the world. With these words I beg to propose the adoption of the Annual Report and the Balance Sheet of the Chamber.

Mr. Hansraj Pragjee Thakersey, while seconding the proposal said that he had nothing to add to what the Chairman had said. He was of opinion that in spite of differences of opinion among the members of the Committee, the Committee had always expressed their honest opinion. He hoped that the new Committee would safeguard the interests of the Chamber.

Mr. S. R. Bomanji very strongly criticised the policy of employing non-Indians on princely salaries in the Imperial Bank of India. He also objected to the exemption of foreign firms from paying income-tax in India and suggested that in view of the expected heavy deficit in the next Budget, this deficit should be made good by taxing foreign firms.

He next congratulated Sir Vithaldas Thakersey for moving a resolution in the Indian Legislative Assembly in connection with Indian Currency and Exchange and regretted that Mr. Manmohandas Ramji who was the representative of the Chamber on the Assembly had voted against it.

Mr. Manmohandas Ramji at this stage got up to explain his attitude. He explained that he voted against the resolution because he honestly believed that the time was not opportune for the appointment of a Committee as demanded by Sir Vithaldas. Even if the proposal for the appointment of a Committee were passed, the nomination of members on the Committee would rest with Government who might pack the Committee with second-rate men; and such a Committee instead of doing good to the country might perhaps prove injurious to her best interests. Secondly Sir Vithaldas only asked for the appointment of a Committee. Had he moved for a change in the ratio from Rs. 10 to Rs. 15 to a sovereign he would certainly have voted in his favour. Moreover although Sir Vithaldas had sent in his resolution in September and consequently the Committee had about four months at their disposal to express an opinion on the question, the Committee had not done so, otherwise he would have considered himself in duty bound to vote accordingly.

Continuing, Mr. S. R. Bomanji briefly criticised the report of the Indian Railway Committee and stated that the Committee had not done any satis-

factory work in connection with the shortage of wagons, responsibility of Railway Companies for goods and grievances of third class passengers.

Mr. Manu Subedar said that while other countries were endeavouring to cope with the difficult situation created by the war the economic condition of the country had on the contrary deteriorated. The status of the Chamber had been greatly raised though within the last three or four months, there had been some discontent in the public mind regarding the Chamber's activities. He added however that the Chamber should continue its work vigorously in order to save millions of rupees which were at present carried away to foreign countries.

Mr. W. T. Halai's amendments.

Mr. W. T. Halai commented on the Report and complained that certain points were not made clear in the Report and proposed amendments in connection with two items, viz., Chamber's representation on the Advisory Council of the Sydenham College of Commerce and Committee's interview with Hon. Sir Chimanlal H. Setalvad; and suggested that details of the proceedings of the interview should be incorporated in the report.

Mr. Mavji Govindji raised a point of order if an amendment to an individual item of the Report could be proposed and if an amendment could be brought forward without giving previous notice and demanded the Chairman's ruling.

The Chairman said that as the proposed amendments involved certain allegations against himself and some members of the Committee, he would leave the point to be decided by the meeting.

At this stage, as some of the members contended that the Chairman alone had the right of deciding such points, the Chairman ruled that Mr. Halai could not move amendments without giving a previous notice. The meeting might either adopt the report or send it back to the Committee.

Continuing Mr. Halai said that the Balance sheet did not accompany the draft report which was brought before the Committee for approval and

consequently the same had not been duly approved by the Committee. He therefore proposed that the Report be sent back to the Committee.

(At this stage, the Secretary produced a copy of the draft report which was circulated among the members of the Committee and the meeting was convinced that the Balance sheet accompanied the Report.)

Mr. Halai's amendment was dropped.

Mr. G. B. Trivedi then contended that the interview with the Hon. Sir Chimanlal was purely confidential and therefore the details of the proceedings of the same had not been given in the Report.

Mr. Purshotamdas Thakurdas strongly protested against Mr. Halai's suggestion to disclose the details of the confidential interview with the Hon. Sir Chimanlal. He particularly drew the attention of the meeting to the purely confidential nature of the interview and added that all the members present at the interview including Mr. Halai had consented to treat it as confidential. He asked whether it was proper for Mr. Halai as a gentleman to remain present at a confidential meeting without giving any warning that he would not treat the proceedings as confidential and then to demand publication of those proceedings. Mr. Purshotamdas was of the opinion that by such a step, Mr. Halai had placed the whole Committee in a very awkward position and it would not be surprising if no government official in future consented to meet the Committee. By demanding publicity of a confidential interview Mr. Halai had betrayed the confidence reposed in him and he thought that no self-respecting member of the Chamber would be willing to serve on the Committee until Mr. Halai offered a satisfactory explanation in this respect. If Mr. Halai had any objection to participate in a confidential interview, he ought to have protested at the time of the interview. But after once consenting to keep the proceedings confidential, it was improper on his part to demand their publicity.

At this stage some of the members declared that Mr. Halai's step was improper and he was called upon to offer an explanation. Mr. Bomanji suggested that the only course open to Mr. Halai was to express his regret.

Mr. Halai thereupon said that while discussing the point he did not think that he was disclosing details of a confidential meeting and expressed his regret for what had transpired.

The original proposal was then put to vote and carried, Mr. Halai dissenting.

The Secretary then announced the result of the ballot for the Chairman, Vice-Chairman and the members of the Committee for the ensuing year.

Mr. Purshotamdas thanked the members of the Chamber for electing him as the Chairman but expressed his inability to accept the same owing to pressure of work, and requested the meeting to elect another Chairman.

Most of the members present however urged Mr. Purshotamdas to accept the Chairmanship. Mr. Bomanji thought that the Chamber was passing through a very critical stage and therefore its affairs should remain in the hands of an able and experienced gentleman like Mr. Purshotamdas, and made a very strong appeal to Mr. Purshotamdas to accept the office.

Mr. Adenwala said that the members of the Chamber were its servants and as such Mr. Purshotamdas could not shirk the responsibility which was put upon him by the majority of members. Hon. Mr. Phiroze Sethi also said that Mr. Purshotamdas should not decline to accept the office particularly as the Chamber was passing through very trying times. Mr. G. B. Trivedi, Mr. Motilal Kanji and others also prevailed upon Mr. Purshotamdas very strongly to accept Chairmanship.

Mr. Purshotamdas thanked the members for pressing him so much and said that he accepted Mr. Adenwala's dictum that in accepting Chairmanship he only served the Chamber and that he was therefore bound to accept it. But he had some special reasons for declining the office which he wished to place before the meeting specially because he was very hard-pressed by the members to accept the office. Continuing Mr. Purshotamdas said that the atmosphere of the Chamber had vastly changed during the past few months. The principal aim of the Chamber was to

safeguard the commercial and industrial interests of the country, but recently political issues of a very controvertial nature had been mixed up with the legitimate activities of the Chamber with the result that bitter feelings had sprung up between members of the Chamber holding diverse political views. He was of the opinion that it was very undesirable to hamper the legitimate and proper activities of such an institution by bringing forward political issues. The members who were serving on the Committee at an immense sacrifice of time and energy, were not working for their personal gain but in the interests of the commercial community as a whole, and no self-respecting member could tolerate unfounded allegations made against him on account of divergent political views. He was in duty bound to serve the Chamber as much as possible but not at the cost of his self respect. He was not sure that similar occasions would not arise in future as had arisen in the past and under such circumstances a man of his views would not be prepared to put up with improper allegations and so he did not wish to place himself in such an awkward position. But as the members were pressing him so much he would be prepared to accept the responsibility of his office for a year in case the members assured him that the members of the Chamber would place full confidence in their Chairman and the Committee and work in co-operation with them. If the members were prepared to give such an assurance, Mr. Purshotamdas assured the members that he would be able to place next year a satisfactory report of the work of the Chamber in their hands as far as circumstances allowed.

On almost all the members consenting Mr. Purshotamdas accepted the office amidst cheers.

Mr. Vallabhdas. C. Shivji next proposed that "Mr. Devidas Vithaldas be appointed as Chamber's Auditor for the next year on an annual honorarium of Rs. 100." The proposal was duly seconded and carried unanimously.

Next, the consideration of the twenty-four motions of which Mr. Halai had given due notice was taken up. Mr. S. R. Bomanji moved that "Mr. Halai's 24 motions should be referred to the new Committee with a

recommendation that they should submit their report on the same at the next quarterly general meeting."

Hon Mr. Phiroze Sethna seconded the above proposal.

Mr. L. R. Tairsey and Mr. Manu Subedar raised an objection that Mr. Bomanji could not bring in his proposal before Mr. Halai had moved a single proposal. The Hon. Mr. Sethna thought that Mr. Bomanji's proposal was quite in order.

Some of the members prevailed upon Mr. Halai to withdraw his proposals, but on Mr. Halai's refusing to do so, Mr. Bomanji's proposal was put to vote.

At this stage Mr. Subedar said that he wanted to move an amendment but as the proposal was already put to vote, he was not allowed to do so. Mr. Subedar insisted on its being recorded that he was not allowed to move an amendment.

Mr. Bomanji's proposal was carried, seven members voting against it.

After a vote of thanks to the chair the meeting dispersed.

APPENDIX I

CONTRIBUTION TO THE BOMBAY DEVELOPMENT LOAN.

4th October 1920.

To

The Chairman,

The Indian Merchants' Chamber and Bureau,

Bank Street,

Fort, BOMBAY.

Dear Sir,

We have been directed by the Central Committee to address you as follows :—

You are aware of the Provincial Loan floated by the Government of Bombay for the purpose of building fifty thousand tenements and for supplying the urgent needs of the Bombay Municipality, the Improvement Trust and the Port Trust.

It is hardly necessary for us to impress upon you the necessity and advisability of making this loan a success, nor need we mention the overcrowded condition of Bombay which is apparent to all.

We have to point out that if this state of affairs is allowed to continue it will not tend to the future commercial interests of the city but will probably have the effect of driving away trade from Bombay which has up to now held its own as the greatest commercial centre in India.

Not only from a commercial point of view is it necessary to make this loan a success but we venture to suggest it is the duty of every citizen of Bombay to help to improve the housing of the working classes who at present live under conditions which should not be tolerated in any part of the world.

The terms of the loan are most favourable which make it one of the best investments available bringing in a return of nearly seven per cent.

ANNUAL REPORT OF THE

We have to request you to place this letter before the Members of your Chamber and we hope they will respond in a manner worthy of this City.

We are, Dear Sir,

Yours faithfully,

E. G. TURNER,
COWASJĪ JEHangIR,

Hon. Secretaries.

13th October 1920.

No. T/33.

To

The Honorary Secretaries,

The Bombay Development Loan,

City Improvement Trust,

BOMBAY.

Dear Sirs,

With reference to your letter dated the 4th inst. I am directed by my Committee to inform you that your appeal will be published in our monthly journal for the information of our Members. I may add that Rs. 10,000 (rupees ten thousand) worth of the present loan will be taken up by this Chamber.

Yours faithfully,

J. K. MEHTA,
Secretary.

APPENDIX II.

INDIANS IN SOUTH AFRICA AND KENYA COLONY.

4th September 1920.

Telegram

No. T 1521.

✓To

The Secretary,

Commerce and Industries Department,

Government of India, SIMLA.

"The Committee of the Indian Merchants' Chamber view with great apprehension the scheme of the *South African* Union Government of so-called voluntary repatriation. Information from Natal calculated to confirm apprehension that the scheme would virtually work out as one of compulsion leading in this instance to practical expulsion of Indians from the Colony. It is absolutely essential a Committee of Indians should be appointed in South Africa to examine all cases of repatriation and see if any compulsion or intimidation or illegitimate inducement is used towards any individual. No other safeguard will serve to protect Indian settlers in South Africa. My Committee hope that the mean attack by the leading South African paper on His Excellency the Viceroy will be treated with the contempt it deserves and that notwithstanding such racial and acrimonious criticisms His Excellency will continue to pursue the policy of insisting upon securing for Indians treatment of perfect self-respect as is theirs by right as citizens of the British Empire in all British Colonies. My Committee consider the statement made by the Governor of *Kenya Colony* as extremely disappointing and not at all suited to the needs of the situation. His reply is a practical concession to all the demands made by European settlers in *British East Africa*, viz., the limitation of franchise to Indians, prohibition of purchase of lands by Indians in uplands, and racial segregation. All these three bars against Indians constitute a grave injustice to the Indian subjects of His Majesty and a deliberate violation of their rights and privileges. My Committee earnestly hope that the Government of India will continue to vigorously press these grievances of the Indian peo-

ple on the attention of His Majesty's Government or in the alternative adopt such effective and retaliatory measures as will compel the persecutors of Indians in East Africa to desist from their nefarious policy.

JAHANGIR PETIT, Chairman."

Government of India.

DEPARTMENT OF COMMERCE.

No. 6181.

SIMLA, the 13th September 1920.

From

Rai A. K. Sarkar Bahadur, B. A.,

Assistant Secretary to the Government of India,

To

Jahangir Bomanji Petit, Esquire.

Chairman, Indian Merchants' Chamber,

BOMBAY.

Sir,

I am directed to acknowledge the receipt of your telegram, dated the 4th September 1920, on the subject of Indians in South Africa and the Kenya Colony.

2. In reply I am directed to invite your attention to the Press Communique which has just been issued regarding the repatriation scheme from South Africa. A copy of this Press Communique is enclosed.

3. Regarding Kenya Colony, I am to invite a reference to my letter No. 5875, dated the 3rd instant.

I have the honour to be,

Sir,

Your most obedient servant,

A. K. SARKAR,

Assistant Secretary to the Government of India.

Government of India.

DEPARTMENT OF COMMERCE.

Simla, the 13th September 1920.

PRESS COMMUNIQUE.

Intimation has been received from the Governor General of South Africa that the question of the appointment of a Committee to advise the Repatriation Commissioner is engaging the attention of the Union Government. The Union Government have given assurance that all the officers concerned in the repatriation scheme were informed from the outset that no compulsion or persuasion whatever should be used.

2. The first batch of Indians, 61 for Madras and 34 for Calcutta, left Durban for Bombay by s.s. "Karagola" on the 2nd September 1920.

C. A. INNES,

Secretary to the Government of India.

No. T/38.

13th October 1920.

To,

The Secretary,

The Department of Commerce, Government of India,

SIMLA.

Sir,

In reply to your letter No. 6181 dated the 13th Sept. 1920 my Committee are of opinion that Indians should be appointed on the committee, which may be formed for the purpose of advising the Repatriation Commissioner. My Committee also urge that there must be at least one Indian in the staff of the Executive Officers.

I have the honor to be,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary

APPENDIX III.

POSTAL STRIKE IN BOMBAY.

1st October 1920.

Telegram

T/1998.

To,

The Secretary to the Government of India,
Commerce Department, SIMLA.

"The Committee of the Indian Merchants' Chamber beg to draw the urgent attention of the Government to the numerous inconveniences and irregularities which the commercial community generally and particularly the Indian Section thereof has to undergo as a result of continuance of the Postal Strike in this city. Without wishing to enter into a discussion of the merits of the case my committee wish to point out that a sort of impasse has been created by the firm attitude of both sides and urge that even temporary steps must be immediately taken to effectively mitigate if not altogether remove the very serious inconvenience now experienced by the Indian Commercial Community. The continuance of the strike without adequate machinery to cope with the usual volume of work mean a heavy loss to the trade and consequent disorganisation and my committee earnestly request interference of the Government of India with a view at least to the early restoration of normal conditions.

JEHANGIR PETIT, Chairman."

No. 6883.

Government of India.

DEPARTMENT OF COMMERCE.

Simla, the 7th October 1920.

From

The Hon'ble Mr. C. A. INNES, C.I.E., I.C.S.
Secretary to the Government of India,

To,

The Secretary,
Indian Merchants' Chamber and Bureau,
Old Telephone Buildings,
19 Bank Street, Bombay.

Sir,

I am directed to acknowledge the receipt of your telegram of the 1st October 1920 regarding the Postal strike in the Bombay City.

2. I am to remind your Chamber that a strong Committee has just sat to enquire into the conditions of service and the pay of the subordinate postal staff in India. The Committee was presided over by Mr. H. N. Heseltine, C.I.E., late of the Indian Finance Department and was composed of the following members :—

The Hon'ble Rao Bahadur B. N. Sarma Garu.

Sir Henry Ledgard,

Mr. E. A. Doran, C.I.E.,
late Postmaster-General,

Rao Bahadur Srinivasa Rangachari,
President, Bangalore Postal Union,

Khan Sahib Eshan Azim,
Superintendent of Post Offices,
United Provinces.

It sat from the 26th April to the 31st August 1920. It examined 80 witnesses (including witnesses from Bombay) representing practically all the classes of employees to which the enquiry related, and the Government of India, besides making every effort to deal with its recommendations expeditiously, accepted those recommendations practically in full.

3. The average emoluments of the postmen of the Bombay City, as has already been explained in the Press Communique published by the Director General of Posts and Telegraphs on the 21st September last, have been increased by 146% since April 1914, and the Government of India are satisfied that they have dealt with these men not only fairly but even generously. The telegraph peons, as was explained in the same Communique, earn on an average more than Rs. 41 per month and your Committee will no doubt agree that these peons are paid liberally for the class of work they do. In the circumstances the Government of India, while they greatly regret the inconvenience to which the commercial community and the general public of Bombay have been put by the strike, are not able to hold out any prospect of their being able to offer further concessions to the postmen and telegraph peons of the City in order to induce them to return to work.

4. I am to add that the Director General of Posts and Telegraphs, proceeded to Bombay last week in order to examine the arrangements made to carry on the Post and Telegraph service in the City, and your Committee may rely on it that all possible measures will be taken by the

Post Office and the Telegraph Department as well as by the Government of India to mitigate the inconvenience which the strike has caused to the public in Bombay City.

I have the honour to be,

Sir,

Your most obedient servant,

C. A. INNES.

Secretary to the Government of India.

APPENDIX IV.

EMBARGO LAID BY THE PUNJAB GOVERNMENT ON THE IMPORTS
IN THAT PROVINCE OF SPIRITS MANUFACTURED BY THE
ALEMBIC CHEMICAL WORKS CO. AT BARODA.

(For previous reference Vide Pg. 72 item No, 19 and Pg. 205 to
215 of this Chamber's Report for 1919-20).

No. 6535.

Government of India.

DEPARTMENT OF COMMERCE.

Simla, the 27th September 1920.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to refer to paragraph 3 of Mr. Ewbank's letter No. 2522, dated the 27th May 1920, regarding the exclusion from the Punjab of spirits manufactured by the Alembic Chemical Works Company.

2. I am to say that the Government of the Punjab, to whom your representation on the subject was forwarded, consider that any relaxation of their order would raise far-reaching questions of Excise policy from which no new departure seems desirable at the present moment in view of the impending introduction of the Reform Scheme. They have therefore

decided that this question should be postponed until it comes to be reviewed by the Minister in charge of Excise and the new Provincial Council. The Government of India concur in this decision.

I have the honour to be,

Sir,

Your most obedient servant,

E. C. ANSORGE,

Deputy Secretary to the Government of India.

25th April 1921.

T 815.

From,

J. K. METHA, Esqr, M.A.,

Secretary, The Indian Merchants' Chamber and Bureau,

BOMBAY.

To,

The Secretary to the Government of the Punjab,

Excise Department.

LAHORE.

Sir,

My Committee wrote a letter to the Secretary to the Government of India, Commerce and Industry Department, dated the 15th September 1919, No. T 30, drawing their attention to the restrictions on imports of products of Alembic Chemical Works into the Punjab. They sent a reminder to the Government of India in a letter dated the 21st April 1920, No. T. 963. The Government of India in their letter dated 27th May 1920, No. 2522, replied as follows:—"As regards your complaint of the restrictions placed by the Government of the Punjab on the import of spirit manufactured by the Alembic Company into the Punjab, I am to say that your representations will again be forwarded for the consideration of the Local Government. I am to add, however, that since 1918 it has been the policy of the Government of India to leave to Local Governments the responsibility of Excise administration and to remind you that it is proposed definitely to classify Excise as a provincial subject under Section 45 A of the Government of India Act."

As Excise is now a transferred subject in the Punjab Government, my Committee beg to approach you with a request that the Government will be pleased with the advice of the Minister in-Charge to remove this long-standing grievance of an indigenous concern. It is surely unfair that there should be restriction imposed against the Alembic Chemical Works Co., when spirituous products from Java, Japan, and other foreign countries are allowed free entry on the payment of the usual duty. It is hoped that this unfairness will be removed at an early date in the interests of an indigenous industry.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA.

Secretary.

No. 27661/C. & I.

From,

A. LATIFI, Esquire, O. B. E., I. C. S.,

Secretary to Government, Punjab,

Transferred Departments.

To,

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Commerce and Industry.

Dated Lahore, the 8th of November 1921.

Sir,

With reference to your letter of the 25th April 1921, regarding the exclusion of the products of the Alembic Chemical Works from the Punjab I am directed to say that the Punjab Government (Ministry of Agriculture) have, after long and anxious consideration, decided not to comply with your request.

2. The exclusion of that concern's products from the Punjab may incidentally give a certain amount of preference to foreign liquor, but this

Government hope that with the growth of temperate habits it will be possible in time to diminish and ultimately to reduce to a vanishing point all imports of foreign liquor. On the other hand a national Indian liquor industry, if encouraged to develop, would not only be difficult to uproot, but would become a formidable barrier in the way of temperance reform.

3. I am to add that the rule to which you object is now being retained solely in the interest of the efficient administration of the provincial excise department.

I have the honour to be,

Sir,

Your most obedient servant.

(Sd.) A. LATIFI,

Secretary, Transferred Department.

APPENDIX V.

AMENDMENT OF THE INDIAN PAPER CURRENCY ACT, 1920

No. 2577-F.

GOVERNMENT OF INDIA, FINANCE DEPARTMENT.

To

The Secretary,

Indian Merchants' Chamber and Bureau.

Simla, the 27th September 1920.

Sir,

I am directed to refer to section 14 of the Indian Paper Currency Act, 1920. In it provision is made for the issue of currency notes to an amount not exceeding Rupees 5 crores against bills of exchange which will mature within 90 days from the date of such issue and which satisfy such other conditions as the Governor General in Council may by general or special order prescribe. It now becomes necessary to consider the regulations which should be prescribed by the Governor-General in Council in respect of this matter, and the Government of India would be glad to receive from your Chamber such suggestions as they may wish to put for-

ward, both generally, and more particularly with reference to the specific points discussed in the succeeding paragraphs.

2. The first question which arises is the class of commercial bills of exchange which should be accepted for the purposes of the issue of notes. I am in this connection to refer to the provisions of the Federal Reserve Act which limit the discount by a Federal Reserve Bank. Such discount is limited to "notes, drafts and bills of exchange arising out of actual commercial transactions, *i.e.*, notes, drafts and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act. Nothing in this Act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States. Notes, drafts and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than 90 days, exclusive of days of grace."

Further explanation of the provision of the Federal Reserve Act in this connection will be found in Appendix XXXII to the Currency Committee's Report.

3. The Currency Committee recommended that in the first instance the bills of exchange which should be accepted for the purposes just mentioned should be limited to *bona fide* commercial bills against goods under export, and before arriving at a final decision on the matter the Government of India would be glad to receive the views of your Chamber as to the acceptability of this limitation. If your Chamber should desire to see an extension of the bills of exchange so as to include internal bills, I am to enquire whether it would be feasible to distinguish between internal bills which may be created for the purposes of finance or against goods held for speculative transactions and bills of exchange representing a definite commercial transaction.

4. In this connection it has been suggested to the Government of India that import bills might be accepted as cover for the special expansion of currency. These bills are usually documentary bills, and it will be coin-

paratively easy definitely to connect them with goods, for the merchandise against which they are drawn is usually deposited in Port Trust or other warehouses until the bills are paid off: and as considerable quantities of these bills are usually carried by the Banks, there will always be a supply available for a discount, and, further, inasmuch as these bills are drawn in rupees, there will be no difficulty such as might arise in connection with bills of exchange drawn against goods under export which are expressed in sterling regarding the custody of the bills. I am to solicit the views of your Chamber on this point.

5. I am also to refer to the suggestion in paragraph 80 of the report of the Indian Exchange and Currency Committee to the effect that advances to the Imperial Bank in connection with these seasonal issues of currency should not be less than 8 per cent. per annum. The object of imposing so high an interest charge for this accomodation is that it is necessary to restrict the operation of this particular provision to cases of proved and actual stringency. It has always been recognized in other countries where some such similar system of expanding the currency for seasonal purposes is in vogue that a tax may legitimately be imposed on the bank of issue which is invested statutorily with authority to make such additional seasonal issues, and no doubt the Committee were influenced, in making this suggestion, by the past practice of the Secretary of State in Council to charge a high rate of 1/16 *d.* for his Council Bills when the Bank rate in India exceeded 8 per cent. The Government of India, however, would be prepared to take into consideration any suggestions which your Chamber may wish to make with reference to this particular point, though I am to explain that the regulations which they propose to issue under section 14 of the Paper Currency Act will necessarily not make provision for this point. The question of the charge to be made to the Imperial Bank for loans such as are contemplated in paragraph 6 below will necessarily be a matter for negotiation according to the circumstances of the moment.

6. I am also to explain generally the procedure which the Government of India contemplate will probably be adopted in respect of the operation of these provisions of the Act. In the event of a demand arising for additional currency, the probable course would be for the Government of India to make a loan to the Imperial Bank from Currency, such loan to be covered by these commercial bills of exchange. The bills of exchange would then necessarily be endorsed by the Imperial Bank to the Controller of Currency but would remain in the custody of the Bank, to be held as securities on behalf of the Paper Currency Department, and it is probable

that the regulations in this respect will need to provide accordingly. I am to enquire whether your Chamber sees any objection to this procedure, and if so, what alternative procedure would in their opinion be more suitable.

I have the honour to be,

Sir,

Your most obedient servant,

H. DENNING,

for Secretary to the Government of India.

T/154.

8th November 1920.

To,

The Secretary to the Government of India,

Finance Department,

SIMLA.

Sir,

With reference to your letter No. 2577-F dated the 27th September 1920, I am directed to send herewith the views of my Committee on the subject referred to therein.

As regards the class of bills the Chamber notes that in the Federal Reserve Act of America the discount by a Federal Reserve Bank is limited to bills arising out of actual commercial transactions :—

“ Notes, drafts and bills of exchange issued or drawn for agricultural or industrial or commercial purposes, or the proceeds of which have been used or are to be used for such purposes.”

My Committee think that the above admirably described the purposes for which and for which alone the emergency currency should be issued here.

My Committee are also of opinion that the bills, so discounted here should have a maturity of not more than 90 days at the time of discount exactly as in America.

My Committee are unable to agree with the recommendation of the Currency Committee that such bills should in the first instance be bills against goods under export. My Committee are of opinion that this is really beginning at the wrong end. Goods under export are as a rule goods of which the exchange has been covered and for which the duty of finance has already devolved on the Exchange Banks. The Exchange Banks should and they ordinarily do take steps to lay down funds in India to enable them to take these export bills. Where import cover is insufficient they can do this by importing bullion or by the Council bills where the movement is for some reason restricted. But they wish to emphasize that where special finance to take up export bills is needed the right course is Council Bills and not the emergency currency now under consideration. Neither can this emergency currency be rightly used for import bills.

My Committee further point out that both the export and the import bills entail risk of loss by exchange. Practically the whole of the export bills would be in the foreign currencies and my Committee will be glad to know how Government propose to protect the Currency Department against loss by difference in exchange as between the date of discount of such bills and the date of maturity. From this point of view too the use of emergency currency for discount of export or import bills seems undesirable. My Committee do not over-look the fact that a good proportion of import bills will be in Rupee currency and the use of emergency currency for the discount of such bills should not entail the exchange risk. What they wish to emphasize is that the Currency Department should always be able to count on the return of the number of rupees it has laid out on a bill and that the operation should be purely and simply one of lending money and should not become a gamble in exchange.

Even assuming that the risk of exchange can be eliminated my Committee strongly doubt the advisability of the application of the emergency currency to the discount of export and import bills. As already pointed out above as soon as produce is sold for export exchange is covered and the finance will be looked after by the Exchange Banks. It is before this stage is reached that finance has to be provided and it is here that emergency currency becomes necessary whenever the ordinary resources of the market prove insufficient.

The Currency Committee appears to have limited its recommendation to export bills because it is thought that "such bills are more easily identifiable as representing a definite commercial transaction than the

internal bills which may be created for the purposes of finance or against goods held for speculative transactions." My committee think the difficulty of identification is unnecessarily exaggerated. They are inclined to agree with the opinion expressed by Sir R. Aitken at the last visit of the Finance member to the Bombay Chamber of Commerce that internal bills are as easily identifiable as export bills as representing a definite commercial transaction. My Committee believe that a small Committee of Bankers most experienced in the handling of internal bills should be readily able to define and lay down which internal bills should be eligible. They would however emphasize that it is such internal bills that should have the first call on these funds.

The need of emergency currency for internal bills will be most marked in seasons when the normal movement of our exports is checked for causes beyond our control and produce requires to be financed pending a recovery of the foreign trade. At such times the refusal to provide emergency currency against internal bills might prove disastrous and my Committee strongly urge upon Government the advisability of immediately making internal bills also eligible for emergency currency. The season just beginning is likely to be one of great trial as from financial and economic causes India's largest customers are temporarily out of the market. At such a juncture even the mere knowledge that emergency currency would be available if needed will probably avert anything very untoward happening.

As regards the rate my Committee agree with the view that it is advisable to restrict the issue of the emergency currency to cases of proved and acute stringency. The Currency Committee when making this recommendation had in mind the usual seasonal demand for additional currency. The stringency so produced was really due to the export season coinciding with the season of highest collections of revenue and the fact that Government balances were then kept in reserve treasuries and were thus kept back from the market when money was most badly wanted for moving the crops. This old system has now been changed by the establishment of the Imperial Bank and the placing of all Government funds with them and so the seasonal stringency from this cause that was experienced in the past will be done away with. The emergency currency will therefore be most probably needed when our exports have for some reason received a check.

My Committee agree that the minimum rate should be such as to indicate a position of proved acute stringency. They however feel that it will

be unwise to pitch the basis rate unduly high as it will tend to perpetuate high money rates and will adversely affect the development of trade and industry in general and Government's own loan programme in particular.

My Committee note that the regulations which the Government proposes to issue will not necessarily make provision for this point. They, however, would deprecate such omission and urge upon Government the need of fixing, in the regulations themselves, and well in advance of any emergency that may arise, the point at which and only at which emergency currency will become available. If this is not done they are very much afraid pressure might be brought to bear upon Government to issue emergency currency even when the situation did not warrant it with the result that the five crores might be used up and if therefore the situation becomes worse there would be no margin left for further issue.

My Committee would further point out that the rate of interest taken by itself is not a sufficient indication of a critical situation. The rate may be nominally at 7 % and yet money may be unobtainable in the bazzars at even 12 %. My Committee suggest that a standing committee might be appointed of bankers dealing in internal bills and the emergency facility should be put in motion on a recommendation by them that the situation called for such issue.

My Committee apprehend that the fixing of the figure at five crores may, under certain unforeseen circumstances, prove altogether inadequate; they feel any fixed figure is undesirable for this kind of currency. It may be that if an emergency cannot be tided over by the issue of all the five crores a very serious situation, perhaps, a panic might result when another two or three crores could have saved the situation. They, therefore, urge that the issue be made more elastic and that after the first five crores issued at the rate fixed subsequent issues be permitted at a further graded advance in the rate of, say, a crore or more at each such advance. If emergencies and panics are to be really averted it can only be done by providing that as much currency as was necessary would be found although at a price. Such graded rates will have the important advantage of serving as warnings to all and sundry that the storm was coming and that it was time to draw in sail.

As regards your para 6 regarding the procedure to be adopted, my Committee approve of the issue of the emergency currency through the Imperial Bank in the form of a loan to them as proposed provided it is

not used by the latter Bank as an addition to its own resources for the development of its own business. They, therefore, urge that it should be made incumbent on the Imperial Bank to use these emergency funds in the rediscount of internal bills presented to them for rediscount by other local banks of good standing and in such rediscounts only and not for the purposes of making advances to its own customers. My Committee think that the Imperial Bank has already been placed in an extremely advantageous position by the deposit with them of all the Government balances to be handled as the Imperial Bank might deem best in its own interest and they should not have a free-hand in the disposal of these currency funds if the position of private banks is not to be made altogether untenable.

I beg to remain,

Sir,

Your most obedient servant,

CD

J. K. MEHTA,

Secretary.

APPENDIX VI.

THE INDIAN RAILWAY COMMITTEE.

No. 405-F.-19.

Government of India Railway Department.

(Railway Board.)

Simla, the 9th October 1920.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

RESOLUTION.

In conformity with the announcements made in the Indian Legislative Council on the 25th February and 2nd September, 1920, a Committee will shortly be appointed to consider, and advise Government on, certain matters connected with the administration of railways in India.

2. An announcement will be made in due course of the constitution and place of assembly of the Committee. In the meantime, to enable interested parties to formulate their views, it is considered desirable to publish for general information the Terms of Reference which have been framed in consultation with the Secretary of State for India : they are as follows :—

.. *Terms of Reference.*

(1) To consider, as regards railways owned by the State, the relative advantages, financial and administrative, in the special circumstances of India, of the following method of management :—

- (a) direct State management :
- (b) management through Company domiciled in England and with a Board sitting in London ;
- (c) management through Company domiciled in India and with a Board sitting in India ;
- (d) management through a combination of (b) and (c) :

and advise as to the policy to be adopted as and when the existing contracts with the several Railway Companies can be determined. (In considering the question of the East Indian Railway, the Committee will take note of the decision to remove the management of that railway to India, which was arrived at when the contract with the present Company was extended on the amended terms in 1919.)

- (2) To examine the functions, status and constitution of the Railway Board, and the system of control exercised by the Government of India over the Railway administration, and to recommend such modifications, if any, as are necessary for the adequate disposal of the Railway business of the Government.
- (3) To consider arrangements for the financing of railways in India and in particular the feasibility of the greater utilization of private enterprise and capital in the construction of new lines.
- (4) To report whether the present system of control by Government of rates and fares and the machinery for deciding disputes between railways and traders are satisfactory, and, if not, to advise what modifications are desirable.
- (5) To make recommendations that may seem germane to the enquiry.

3. Pending the further announcement referred to in paragraph 2 of this Resolution, and the institution of enquiries by the Committee itself, any expression of opinion which it may be desired to offer upon the subject-matter of the Committee's investigation may be addressed to the Secretary, Railway Committee, care of the Railway Board, Simla, for communication in due course to the Committee.

ORDER.—That a copy of this resolution be forwarded to each Local Government and administration, to Railway Administrations and to Chambers of Commerce and similar bodies, and that the Resolution be also published in the *Gazette of India*.

By order, etc.,

S. TOMKINS,

Joint Secretary, Railway Board.

①

No. T 121.

29th October 1920.

To,

The Joint Secretary,
Railway Board,

SIMLA.

Sir,

With reference to the resolution of the Government of India, Railway Department (Railway Board) No. 405 F. 19 dated the 9th October 1920, my Committee beg to suggest that the Railway Committee should also consider the grievances of third class passengers. For the present, the terms of reference specified in the resolution in question appear to be comprehensive enough but if later on it appears to my Committee that some addition is required, they will do so.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

No. 15-R. C.

Indian Railway Committee. Belvedere, Alipore.

Dated, Calcutta, the 31st December 1920.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Dear Sir,

I am directed to enclose for ready reference a copy each of the questionnaire relating to the Indian Railway Committee, and of a press Communiqué which was recently issued in connection with the Committee's movements, etc.; and to say that the Committee would appreciate it if it might be furnished at as early a date as practicable with a statement of your Chamber's views and recommendations on the subjects under enquiry. Attention is invited to the introductory notes on the questionnaire.

2. In the event of any memorandum of evidence, which it may be decided to furnish to the Committee in compliance with the foregoing request, being submitted in print, it would be a convenience if 30 copies could kindly be furnished to me to facilitate its distribution and consideration.

3. The Committee would further be glad to know whether it would be convenient for a representative of your Chamber, to supplement the statement asked for above by giving further oral evidence to it, at Bombay between the 29th January and the 11th February. In this case, the name and address of the witness proposed may please be communicated to me at your early convenience.

4. Attention is invited to the enclosed note regarding the Committee's address.

Yours faithfully,

T. RYAN,

Secretary, Indian Railway Committee.

Enclosures :—

Copy of Questionnaire.

„ Press Communiqué.

„ Memo. re : address.

Government of India.

RAILWAY DEPARTMENT (RAILWAY BOARD).

INDIAN RAILWAY COMMITTEE, 1920,

QUESTIONNAIRE.

NOTES.

(M)

(a) This questionnaire is issued in anticipation of the assembly of the Committee.

Terms of Reference.

(b) The Terms of Reference of the Indian Railway Committee have already been published for general information. Suitable extracts from them are reproduced for convenient reference at the head of each of the sections of the following questionnaire.

Invitation of written evidence.

(c) Individuals and representatives of bodies interested in the subject-matter are invited to furnish replies to the following questions, together with any further observations which they may consider desirable.

Oral evidence.

(d) The Committee will invite witnesses who have furnished written evidence, and others, as far as may seem desirable, to supplement their information by means of oral evidence.

Publication of evidence.

(e) It is expected that the notes and evidence received will be published, but care will be taken to exclude from publication any portion of the evidence tendered which may be clearly marked as *Confidential*. Each witness will be invited to peruse and correct the draft summary of his oral evidence before it is printed.

General.

(f) It is not expected that the whole of the following questionnaire will be answered by every witness. The range of the Committee's enquiry renders it probable, on the contrary, that few individuals will be in a position to deal with all the subjects touched upon.

QUESTIONNAIRE.

Part I.—The management of railways owned by the State.

[Extract from Terms of Reference :—

“(1) To consider as regards railways owned by the State, the relative advantages, financial and administrative, in the special circumstances of India, of the following methods of management :—

- (a) direct State management ;
- (b) management through Company domiciled in England and with a Board sitting in London ;
- (c) management through Company domiciled in India and with a Board sitting in India ;

(d) management through a combination of (b) and (c) ; and advise as to the policy to be adopted as and when the existing contracts with the several Railway Companies can be determined.

“(In considering the question of the East Indian Railway, the Committee will take note of the decision to remove the management of that railway to India, which was arrived at when the contract with the present Company was extended on the amended terms in 1919.”)

Question No. 1.—Do you consider that railways owned by the State should be managed directly by the State, or by companies on a profit sharing basis?

Please give reasons for your reply, mentioning the systems of management of which you have had personal experience, and the nature of that experience (e.g., whether as a member of the commercial community, of the travelling public, etc., etc.).

Question No. 2.—If you advocate the continuance of any one of the existing systems of management, would you propose any, and, if so, what modifications in it?

Question No. 3.—If you advocate management by companies, do you recommend that such companies should be domiciled in India, or in the United Kingdom? Please give your reasons for your opinion.

Question No. 4.—Do you consider that the existing system of allowing the working companies an interest in the undertakings entrusted to them, by allowing them to hold a relatively small share of the capital and to receive a proportionate share of the net earnings, is a suitable and sufficient method of giving them an interest in the undertaking; or what alternative would you suggest.

Question No. 5.—With regard to management by companies domiciled in the United Kingdom it is sometimes urged that the Directors are out of touch with Indian conditions and requirements, and that undesirable delay sometimes occurs in settling references. If you recommend management by such companies how do you meet this criticism?

Question No. 6.—In the event of railway companies being domiciled in India how would you suggest that the Boards of Directors should be constituted? How do you suggest that the paramount interest of Government in the railways should be safeguarded?

Question No. 7.—Do you consider that there will be any lack of continuity in a Board domiciled in India? Do you consider that sufficient continuity would be secured by a permanent Chairman nominated by the Government skilled in railway work? Do you consider that the other Members of the Board need be skilled in railway work?

Question No. 8.—In the case of companies domiciled in India, is it necessary to consider the possibility of otherwise suitable Directors being so actively interested in particular industries or areas as to prejudice their impartiality?

Question No. 9.—What is your opinion of the suggestion that the systems of management by companies domiciled in England and by companies domiciled in India, might be combined? If you consider this idea practicable and desirable please indicate the broad outlines of the scheme by which you think it might be carried into effect.

Part II.—The Railway Board, and the Government of India's Control.

[Extract from Terms of Reference :—

- “(2) To examine the functions, status and constitution of the Railway Board, and the system of control exercised by the Government of India over the Railway Administration, and to recommend such modifications, if any, as are necessary for the adequate disposal of the Railway business of the Government.”]

Question No. 10. — Do you consider the system of control by means of a Railway Board satisfactory ; if not, what alternative do you propose ?

Question No. 11. — If you consider that control by means of a Board is desirable, how do you consider that that Board should be constituted ; and have you any recommendations to make as regards the Board's subordinate officers ?

Question No. 12. — With regard to the functions exercised by the Board, do you consider that the exercise of these in practice is satisfactory or extends either to insufficient or to unnecessary detail ? Please give reasons and instances in support of your views.

Question No. 13. — Do you consider that the Railway Board possess adequate powers of control over railway administrations to enable them to deal effectively and expeditiously with matters relating to the requirements of the travelling public and of trade ?

Question No. 14. — Do you consider that the powers of control in such matters already possessed by Government have been sufficiently exercised in the public interests ?

Question No. 15. — Do you consider that the powers entrusted to the Railway Board need enlargement or modification in any direction not already indicated in reply to preceding questions ?

Question No. 16. — Do you consider that the present status of the Railway Board *vis à vis* the Government of India is satisfactory ; and if not, what changes do you suggest ?

Part III.—Railway Finance.

[Extract from Terms of Reference :—

“(3) To consider arrangements for the financing of railways in India and in particular the feasibility of the greater utilization of private enterprise and capital in the construction of new lines.”]

A. Sufficiency of funds.

Question No. 17. — Do you consider that the supply of funds for railway purposes has hitherto been adequate ? Please distinguish, if possi-

ble, in your reply between the provision of funds for (a) new construction, and for (b) the maintenance, and (c) the improvement, of existing railways.

B. The use of such funds as are available.

Question No. 18.—Do you consider that the policy hitherto adopted of devoting the greater part of the available capital funds to the improvement of equipment and rolling-stock of existing railways, and of devoting only a relatively small portion to the purposes of railway extension, has been satisfactory, and is sound in principle?

C. Extent of further demands.

Question No. 19.—If you are of opinion that funds are required on a larger scale than hitherto provided, what in your opinion is the approximate amount that should be provided annually for capital purposes?

D. Sources of supply.

Question No. 20.—Do you consider that the capital funds required should be raised both in India and in the United Kingdom?

E. Borrowing in India.

Question No. 21.—As regards borrowing in India; do you consider that the existing arrangements for supplementing, by means of the Branch Line Terms,* the Government of India's resources for railway construction are adequate; if not, what modified, alternative or supplementary provision do you suggest?

Question No. 22.—Assuming that new methods of raising capital for railway purposes must be sought, what do you think of the suggestions that they should be raised :—

(a) by means of ordinary or preference share capital ;

(i) of working companies ;

* See Railway Administration Report, 1918-19, Volume II, Appendices 32 et seq.

(ii) of subsidiary companies associated either with the main working companies, or with the State in the case of lines directly worked by the State.

(b) By means of railway debenture capital raised :—

(i) by the working companies, or

(ii) by the Government of India

(c) By terminable bonds ?

Question No. 23.—Can you suggest other methods of supplementing the existing system of providing funds for railway purposes ?

Question No. 24.—Can you give an estimate of the amount that could be raised by any of these methods in India or England respectively ?

Question No. 25.—Please indicate your views as to the probability of borrowing by these methods interfering with the success of ordinary Government borrowings ?

Question No. 26.—The Railway Capital Programme depends on the power of the Government of India to provide finance either by borrowing or from its balances ; similarly, the general revenue position of the Government of India exercises some influence on the allotments for expenditure on Revenue Account.

(a) Do you consider that this has been, and is, detrimental to railway improvement and development ?

(b) In view of the increased rate of interest at which capital can be raised, do you consider that railway rates should generally be raised, if necessary, so as to prevent railways from being a burden on the general taxpayer ? Can you give a rough estimate of the percentage by which rates and fares might be raised, if so required ?

Question No. 27.—The following statements indicate the results secured by State-owned and managed, and by State-owned but Company-managed, railways, respectively, during recent years :—

1. State-owned and managed.

Year.	Nett earnings. (Rs. lakhs.)	Percentage of nett earnings on capital.	Interest and other charges against nett earnings. (Rs. lakhs.)	Clear profits to Government. (Rs. lakhs.)	Percentage of nett profit on capital.
1916-17	808'24	5'18	566'73	241'51	1'55
1917-18	1,029'41	6'39	593'05	436'36	2'71
1918-19	913'73	5'58	596'82	316'91	1'93

(A)

II.—State-owned but Company-managed.

Year.	Nett earnings. (Rs. lakhs)	Percentage of nett earnings on capital.	Companies share of surplus profits. (Rs. lakhs.)	Other charges (for interest, etc.) (Rs. lakhs.)	Clear profits of Government. (Rs. lakhs.)	Percentage of nett profits on capital.
1916-17	2,489.58	6.34	115.57	1,483.25	890.76	2.27
1917-18	2,726.91	7.01	149.16	1,521.49	1,054.26	2.71
1818-19	3,004.30	7.70	189.63	1,514.93	1,299.74	3.33

Do you consider these results satisfactory to the State and to the public ?

At what additional figure, if any, would you estimate the indirect advantages to Government, attributable to railways through the development of areas served by them ?

Question No. 28.—Have you any criticisms and recommendations to make with regard to the existing annual budget system ; under which, funds being allotted to each railway for expenditure within a particular year, any such sum as is not actually expended during that year “ lapses ” to Government notwithstanding the fact that liabilities may definitely have been incurred (e.g., stores may have been ordered but not paid for owing to deferred delivery), with the consequence that a first claim is established upon the grant made for the following year.

(N.B.—In answering the question please bear in mind the recorded opinion of the Indian Railway Finance and Administration Committee of 1907, who noticed that in deciding on the allotment to be made in any year for railways the Government take account of any improvement in the financial position owing to the occurrence of “ lapses ” in the preceding year, and that consequently any lapsed grant is really, even if not manifestly, re-allotted. The Committee observed that :—

“ The whole arrangement works back to the fundamental principle that the Government of India provides as much in each year as it possibly can, all things considered, for expenditure on railways, and distributes that money in the way which it conceives to be most advantageous for the country as a whole.”

Question No. 29.—Do you consider that the existing arrangements for regulating expenditure in England, with reference to the grants allotted, are satisfactory, if not, what modifications do you suggest ?

Part IV.—Government Control of rates and fares ; Settlement of disputes

[Extract from Terms of Reference :—

“ (4) To report whether the present system of control by Government of rates and fares and the Machinery for deciding disputes between railways and traders are satisfactory, and if not, to advise what modifications are desirable.”]

Question No. 30.—Do you consider that Government exercise adequate control over railway administrations in respect of rates and fares ?

Question No. 31.—Do you consider that the powers in this respect delegated to railway administrations have been wisely used in the interests of the public ; if not, quote instances to the contrary ? In case of dissatisfaction with the action of railway administrations, please quote specific instances mentioning whether these have been referred, with a view to rectification.—

- ✓ (a) to the railway administrations concerned, or
- (b) to the Railway Board,

and, if so, with what results.

Question No. 32.—Do you approve of the machinery provided by the Indian Railway Act (Chapter V) for the appointment of Railway Commissions to settle disputes between railway administrations and traders ; if not, what alternative do you suggest ?

Question No. 33.—Have you any recommendations, not directly covered by the foregoing questions, bearing on the relations between the public and the railways.

Part V.—General.

[Extract from Terms of Reference :—

- “ (5) To make recommendations that may seem germane to the enquiry.”]

Question No. 34.—Is the carrying capacity of the various railways in your opinion, adequate to the requirements and needs of the various industries served by them ? If not, what, in your opinion, is the reason of the failure and what means would you suggest to remedy this defect.

Question No. 35.—Please add any other remarks which you think called for in respect of the subject-matter of the Committee's enquiry.

No. T/348.

13th January 1921.

T. RYAN ESQ., C.I.E.,

Secretary,

The Indian Railway Committee,

MADRAS.

Dear Sir,

With reference to your letter of the 31st December 1920, No. 15-R C., I am directed to inform you that 30 copies of the statement of my

Committee's views and recommendations on the subjects under enquiry by the Railway Committee will be sent to you before the end of this week.

The following gentlemen will represent my Committee for purpose of giving oral evidence :—

1. Lalji Naranji Esq.
2. Sir Vithaldas D. Thakersey.
3. Jehangir Bomanjee Petit Esq.

Yours faithfully,
J. K. MEHTA,
Secretary.

No. T/366.

17th January 1921.

To

T. RYAN Esq., C.I.E.,

Secretary, The Indian Railway Committee,

MADRAS.

Dear Sir,

With reference to your letter of the 31st December 1920, No. 15-R. C. I am directed to send to you herewith under a separate registered cover 30 copies of the written evidence of the Indian Merchants' Chamber and Bureau.

Yours faithfully,
J. K. MEHTA.
Secretary.

Enclosures :

30 copies written evidence of the
Indian Merchants' Chamber and
Bureau for the Indian Railway
Committee.

19, Bank Street,
Bombay, 17th January 1921.

To

T. RYAN, ESQ., C.I.E.,

Secretary, Indian Railway Committee.

Sir,

With reference to your letter No. 15-R.C. of the 31st December, 1920, enclosing a copy of the Questionnaire of the Indian Railway Committee, I am directed by the Committee of this Chamber to send hereby their views on the subject.

Question 1.—My Committee are of opinion that Railways owned by the State should be managed directly by the State. My Committee draw your attention in this connection to the representation they addressed to the Secretary, Railway Board, dated 1st December 1916, a copy of which is herewith enclosed marked Appendix A for ready reference, in paragraph 3 of which they gave all the reasons, why the management of Railway Companies should be by the State.

(a) The management by Companies has been proved to be adverse to the interests of Indian Trade and Industry, as was evidenced by statistics given in their speeches by Sir Vithaldas D. Thakersey, Sir Ibrahim Rahimtulla, Mr. Vijayaraghavachariar and others who moved resolutions in the Imperial Council.

(b) Companies are after all out to make profits and they naturally manage railways entrusted to their charge purely in the interests of their shareholders and the ultimate interests of the country as such thereby suffer.

(c) Even with regard to management on business lines, my Committee fear that undue prominence and attention is given to foreign trade, at the expense of the indigenous trade and industries. Vide the Cawnpore Industry Papers which show how the G. I. P. Railway Co. gave undue preference to foreign merchants at the expense of Indian Merchants and traders. Papers are submitted herewith to the Railway Committee. An analogous instance may be given of the bone factories formerly situated near Sion. One European factory was situated at Thana and a rate specially reduced by rupees 2/- per wagon was given to it against the usual rate of Rs. 10/. When the lands of the Indian factories at Sion were

taken over by the Port Trust and some of them removed to Thana, the rate per wagon was increased to Rs. 10/- as the European factory then had not to face any competition.

Vide Mr. Sutaria's evidence before the Indian Industrial Commission page 293. The railway board issued a circular recommending facilities to indigenous industries even at the sacrifice of some income if need be. This circular did not result in anything tangible.

Vide representation of the Calcutta Iron Merchants' Association regarding the purchase of stores.

(d) The experience of War has shown, as in England, that company management is not suitable for mobilising the resources and energies of a country. India has, at present, to carry on a serious struggle for the development of her trade and industries and if this struggle is to succeed, railways should contribute a large quota to it. This, however, will not be possible while they are managed, as at present, by foreign companies with but an indirect interest in the development of India's resources.

(e) The absolute indifference evinced by the present railway management, to the grievances of third class passengers, is a scandal which would not have been tolerated in any other country for so long a time, bearing in mind specially the fact that it is these passengers who contribute the largest passenger income to the railways. The chronic over-crowding of third class passengers and their treatment by the railway staff as if they were cattle, is in itself a grave condemnation of the present management.

(f) The Committee have always noted with a deep concern, the closing of all the doors of employment in higher grades in railways to Indians. This is a grievance, to which the attention of the Government has been drawn time after time by leading Indian publicists, but apparently nothing has been done in the matter. While the Indianisation of services is going on all over the country, it is surely an anachronism to find railways being kept as a sacred preserve for Europeans and Anglo-Indians. Such an Indianisation of Railway Services will not be possible till the management is taken over by the State. In short, the reversal of Lord Lawrence's railway policy of state construction and management has been, as Sir Gilford Molesworth observed, disadvantageous and the continuance of such a reversal is, in the interests of the people of India

generally, to be strongly deprecated. My Committee have got experience of company management of railways, which supports them on what they have observed above.

Vide speech of the late Mr. Gokhale (speeches of Mr. Gopal Krishna Gokhale Page 451) and Gazette of India Part VI.

Question 2.—My Committee are for absolute direct State management and are not in favour of any modification being introduced in the system.

Question 3.—My Committee are not in favour of company management at all whether the domicile be in India or the United Kingdom. The evils of company management with their domicile in the United Kingdom have been detailed above. My Committee believe that there will be no amelioration in these conditions even if companies have their domicile in India. What is wanted in fact, is a management which will look to the interests of this country as a whole. Sir Ibrahim Rahimtulla, moving his resolution in the Imperial Council, observed "the interests of India demand that the centre of control of the management of the entire system of railways should rest with the Government of India and that they should be worked primarily in the best interests of the people of India," and that, "though nobody disputed the fact that the railways should be worked on a commercial basis, what we objected to was that they should be worked *purely* on a commercial basis irrespective of every other consideration."

Questions 4, 5 6, 7, 8 and 9.

My Committee have not answered the above questions as they are against any compromise being made with regard to the retention of the present most harmful and unjust management of railways by companies.

Questions 10 and 11.—(a) My Committee do not approve of the system of control by the present Railway Board as satisfactory. It consists entirely of railwaymen who are out of touch with Indian commercial people and specially with Indian public opinion.

(b) My Committee urge that the Railway Board should be reconstituted and should have in future 4 members and a Chairman, that is, in all 5 members. Of these at least 3 should be Indians, one of whom should be a representative of the Indian Commercial community.

In this connection my committee point out with regret that even such an acknowledged authority on railway matters as Mr. S. C. Ghose

who was appointed as special Officer to the Railway Board was not taken as a member of the Board, showing how the present Railway Board is entirely oblivious of the claims of Indians and of the interests of India.

Question 12.—My Committee have not much experience of this, but from what they have seen of the relations and inter-relations between the Railway Companies and the Railway Board, they think that the present exercise of its powers, by the Railway Board with regard to Railway Companies is extremely weak. This evil will, however, be eliminated when the management is taken up entirely by the State and the Railway Board will then be able to exercise all its powers with regard to railway management.

The Baroda Mill-Owners' Association asked for a weigh-bridge the absence of which causes a great deal of loss and inconvenience to the trade and industries there. The Railway Board simply upheld the decision of the B.B. & C.I. Railway and referred the papers back to it.

The Alembic Chemical Works Co. of Baroda asked for a Railway siding and it is not being still given to it despite its appeal to the Railway Board and in spite of the Company's offering to pay all the costs. Also the refusal to give concessions to Messrs. Kothari Sutaria & Co.

Question 13.—In matters relating to the requirements of the travelling public and of trade, it has been seen on all occasions that the Railway Board hardly interferes with the different railway administrations in the exercise of its powers. The result is that representations from the public to the Railway Board against Railway Companies remain unheeded and unattended to.

Question 14.—The powers of control in such matters already possessed by Government have not been sufficiently exercised in the public interests.

Question 15.—The powers entrusted to the Railway Board should be ample and broad to allow them to exercise complete jurisdiction over the entire Indian railway management when it is taken up by the State.

Question 16.—The Railway Board is at present under the Department of Commerce. My Committee are of opinion that the Member for Commerce should always be an Indian. If in future, Railways are placed in charge of another Department, say a department of communications as has been suggested in some quarters, the Member in charge of this,

should likewise be an Indian. My Committee believe that the railway department is of so vital an importance to this country that it should always be in the charge of an Indian member of the Executive Council of the Government of India.

Question 17.—My Committee do not consider as satisfactory the present system of financing by making railway finance depend on the exigencies of the general budget of the country, which is altogether wrong and unbusiness-like. The supply of funds should depend upon the needs of the railways whether for new construction, for maintenance, or improvement of existing railways.

Question 18.—Although there can be no dispute about repair and renewals being a first charge on available funds, my Committee would like to emphasise that the present policy of delaying very necessary extensions just because there is no money is wrong and unbusinesslike. If such extensions can be satisfactorily shown to be profitable and advantageous to the country, the money ought to be found by loans raised for the purpose, even at a higher rate than that current for Government borrowing.

Question 19.—It is difficult to fix the approximate amount that could be provided annually for capital purposes ; this will entirely depend upon the resources for the time being but there is no doubt that the need is very great.

Question 20.—The Capital funds required should be raised in the cheapest market, preference being given, other things being equal, to India.

Question 21.—My Committee do not consider that the existing arrangement for supplementing by means of the branch-line terms the Government of India's resources for railway construction are satisfactory ; they will have to be modified owing to the changed conditions in the monetary market ; in order to induce capitalists to invest in railway constructions, liberal terms should be offered. Such new companies should always be Indian with Indians as Agents and more than half the number of their share holders must be Indians.

Question 22.—The method should be by debentures raised by the Railway Board and in India as far as possible. In the present state of the world's finance and the great depreciation suffered by non-redeemable

loans, people will more readily take terminable bonds redeemed by a suitable sinking fund created for the purpose.

Question 23. Nil.

Question 24.—As the War has made people familiar with big issues, it should be possible to raise at least 10 crores annually in this country and 10 million pounds a year in England. England even in pre-war days invested 200 million pounds abroad annually, and a very considerable share of it went to South American countries whose political as well as financial position was not very sound. There is no reason why India should not get money in London provided it pays the price, viz. the market price of money for the day.

The Government have so far adopted the short sighted policy of refusing to pay more than $3\frac{1}{2}$ or 4 per cent and strangled railway development in spite of the knowledge that on the whole we were earning over 6 per cent and on many sections more. This is not business. Any good merchant would borrow even at 5 per cent if he knew the venture would return him more than 6 per cent and this ought to be the policy for our railways which are a business venture and the financing of it ought to be treated in a businesslike way.

It may seem that what is urged here is contrary to what was urged by men like Sir Pherozesha Mehta and Mr. Gokhale. But their complaint really was that large amounts were devoted to Railways out of the revenues of the country and their most urgent needs were starved. It was like a man using his income to extend his shop or factory and starving his children with regard to their health or education. What my Committee now propose is that the Railways should be made independent and self-supporting entirely and left to find the money for themselves at such rates as they can pay and the revenues of the country should be left intact for the requirements of the country in the matters of education, sanitation, etc.

Question 25.—The raising of a separate loan for Railway purposes will not we believe adversely affect the general loan programme of the Government because if we look more closely into the matter we find that the main capital purposes for which loans have had to be issued in the past have been railways and irrigation. If these two requirements are satisfied very little further loan capital is required, and it ought to be possible to raise such small sums as may thus be necessary without any

difficulty. There is of course an occasional budget deficit to be considered but it is bad finance to provide for such deficits by permanent loans. Current expenditure ought always to be covered by current revenues and when a deficit occurs it ought to be covered by sufficient additional taxation in the following year, the deficit being temporarily covered by ways and means advances.

The Railway Loan here advocated is a Loan issued by the Government of India on account of the Railway Board and primarily secured on the revenues of the railway and generally on the general credit of the country as the Railways are a business venture of which the proprietor is the country.

Q. 26.—The Railways are the one item of public utility from which the general-tax-payer most widely benefits as either producer or consumer and so it is a mistake to talk of "burden on the general tax-payer" for the interests of a section of the people.

Any increase in rates is sure to work detrimentally to the trade and industry of the country as well as to agriculture which very largely depends on railways to reach profitable markets. Therefore *there should be no increase until a deficit is proved.*

It should be remembered that the bulk of the money has already been secured at $3\frac{1}{2}$ per cent. and Government is not going to pay 6 p. c. on it to-day therefore *present* interest rates do not affect the *bulk* of the present investment. Further, it is by no means certain that interest rates will remain as high as they are to-day. We had heard similar arguments about commodity prices and commodities are falling rapidly to normal. The level of prices determines the total volume of finance required at any given moment and so with a return to normal commodity values the strain on the money markets of the world will be appreciably relieved and money should become appreciably cheaper. The principle to be followed therefore in any increase of rates should be similar to that for say the Port Trust *i.e.*

(i) Rates should be such as to cover current liabilities with a reasonable margin in hand for further development.

(ii) The increase should be higher on luxuries and lower on necessities either of life or of industries e. g. coal; because increases on such prime necessities work up with cumulative effect and unduly inflate the cost of the ultimate product.

(iii) Such increase should be preferably in percentages on present tariff *in the form of sur-tax* so that when the development of revenues justifies it such surtax might be easily reduced or struck off.

All efforts should be directed to the best development of our railway property to get the largest revenue out of it not by increased rates, but by greater efficiency. Any one can raise rates and get more revenues from a thing like railways, because they are the greatest monopoly in any country and the people are *absolutely at its mercy* particularly so in a country like India where other competing forms of transportation practically do not exist. In America and England where the railways are mainly private property the permission to increase rates is most grudgingly given and only on indisputable proof of its necessity. Here the principal owner is the Government itself and so any increase should be still more carefully considered and avoided as long as possible.

Q. 27.—The statements are altogether misleading. The only relevant figures are those of column 2nd showing nett earnings on capital. The 3rd, 4th, and 5th columns only show how the profits were used by the proprietors and have no relevance to the question in hand. "because they contain the distribution of dividends on the capital employed and the release of capital in the shape of sinking funds and annuities."

Nett earnings of $6\frac{1}{4}$ to $7\frac{3}{4}$ p. c. (averaged as they are of good and bad results) cannot but be called very satisfactory for a thing like railways.

The present accounting is faulty. There are thousands of miles of railways built primarily with an eye to the defences of the country. If they do not earn enough the deficit *ought to be charged to the military budget* and such lines ought not to be a burden on the productive lines. The present procedure does serious harm by showing the earnings to be less than they actually are and thereby discouraging further development.

It is not possible to say without a much further inquiry than is possible to us at what figure we should put the additional advantage to Government. However it may be useful to note the more important aspects of this question.

(1) Military advantages :

(a) efficiency of mobilisation of men and of stores.

(b) the cheapness of transportation of same.

(2) Revenue advantages.

(a) increase of land revenue at periodic settlements. This primarily depends on the enhanced value of the products of the land and such values again depend upon greater marketability and greater facility of contact with world markets.

(b) increase of such other revenues as depend on the *volume* of the country's trade and of its commercial transaction e. g., customs and stamps. Excise also depends considerably on it as it bears a direct relation to the general prosperity of the population.

(c) Famine Relief :—

An Appreciable saving in cost of movement of food and fodder.

The Statements are misleading in that

(1) It would appear superficially that earnings of State managed Railways are poorer than those of Company managed lines and show the superiority of the latter. But they fail to show the unproductive military or famine protection sections that are included in the first group.

(2) The Statements, containing as they do the last column of net profits turned into percentages, would lead the superficial reader to think that the profits were very poor only two to three per cent.

Question 28.—It has already been pointed out above that grants from the budget, lapse of grants and “providing as much in each year as Government possibly can” are fundamentally wrong and unbusiness-like. Whatever plans and estimates for development have once been decided upon the finance for the whole must be then found and the work carried through to completion.

Question 29.—Nil.

Question 30.—My Committee think that Government do not exercise adequate control over railway administrations in respect of rates and fares.

Question 31.—Powers in this respect delegated to Railway administration have not been used in the interests of the public. The recent increases in the rates for coal and in fares for the general public on several lines are quite recent instances in point to show how such increases are made by the railway companies without any reasonable and sufficient grounds and causing a deal of inconveniences and troubles to the public. On reading pages 151 ; 202 to 205 ; 210 to 221 ; 228 to 236 ; 318 to 323 ; 311 to 313 ; 409 ; 411 to 421 and 452 to 456 of the "Monograph on Indian Railway Rates" (1917-18) by Mr. S. C. Ghose one will at once be convinced that the railway rates for exports and imports have been unnecessarily reduced (e.g. the case of hides vide, pages 452 to 456) and that the rates for exports and imports are preferential as compared with the internal traffic rates.

Question 32.—Though there is such a provision for the appointment of a railway commission to settle disputes between railway administrations and traders, my committee are not aware of any occasion when such a commission has been appointed. They should like to suggest that in every leading commercial town there should be a committee of leading Indian commercial people who should act as a committee of arbitrators whenever there is any dispute between the railway administration and traders. The traders generally are not aware of any expedients to redress their grievances and are practically helpless in the hands of railway officials. This sort of helplessness has been responsible for a good deal of embitterment between the trading community and the railways to remove which and to replace by better feelings the only course is to have such a committee as is suggested here. Traders will then know to whom to turn in case of any complaint and will even in case of adverse decision be reconciled to it coming as it will from a committee of their own people.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

APPENDIX A.

(*Referred to in previous letter*).

INDIAN MERCHANTS' CHAMBER AND BUREAU

Telegraphic address :—

" INCHAMBU "

Telephone No.—1180.

19, Bank Street, Fort,

Old Telephone Buildings,

Bombay, 1st December 1916.

From

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

To

The Secretary,

Railway Board,

SIMLA.

Sir,

1. I beg to acknowledge receipt of your letter of the 27th June 1916 No F. 16, asking this Chamber to give their opinion on certain questions connected with the management of Railways. Under instructions from the Committee of the Chamber, I have the honour to address you as follows :—

2. As early as 1880 the Government of India laid down as their future policy that they would acquire all the railways when the time came for exercising the option that rested with them under the contracts with Railway companies. In accordance with this Resolution, all the trunk Railways have been acquired by the Government, leaving a small percentage of shares to the old companies, with whom agreements have been entered into to manage them, and who are paid a remuneration for doing that work. The question that now awaits solution is merely whether the lines owned by Government should be managed by themselves or by managing Companies. So far as my Committee are aware, in no other country in the world there prevails a system similar to the one adopted in India, of owning the Railways and yet handing over the management to Companies. In countries where railways are managed by Companies, they are owned by them, while the state managed Railways are the property of the

State. The system obtaining here is probably the outcome of the basis upon which the work of constructing the railways was initiated in this country.

3. My Committee have given careful consideration to the various arguments in favour of each of these systems of management and also to the conditions applying to this country and have come to the conclusion that the management of Railways by the State, is best suited to this country for the following reasons :—

- (a) There will be an annual saving of about a crore of rupees which are paid at present to managing companies as their share of profits.
- (b) Competition between different Railways is considered in some countries as beneficial to trade and industries, resulting in lowering the rates to attract more traffic, and in providing facilities. Instead of a healthy competition however, we have in this country a form of competition which in many respects has proved adverse to trade and industry and to the interests of agriculturists. The fact is that each management tries its best by a manipulation of the minimum and maximum rates laid down by Government to divert trade to the ports which it serves. The different Companies compete to carry the largest quantity of cargo for the longest distance possible over their rails and in order that they may be able to do so, block rates, which mean full maximum rates authorised by Government, are levied on all the cargo which is carried to ports other than those they serve. Trade and Commerce instead of being developed on natural lines are thus retarded by artificial diversion of traffic. Sir Vithaldas D. Thakersey, speaking in the Imperial Legislative Council in 1912 on his resolution on the policy followed in fixing goods rates, emphasised this aspect of the management of Railways by Companies. He observed that interprovincial trade suffered owing to the so-called block rates quoted by practically all Railways in order to draw all available traffic to their own lines and to prevent as far as possible traffic from their own stations going on other companies' lines. "This from the Railway Company's point of view may be perfectly justifiable as no Company can be expected to tolerate the transfer of its own traffic to other lines, if it can

possibly prevent it. But from the country's point of view, it is clearly not advantageous that merchants should be compelled to send their goods not by the route which gives them readiest access to the best market but by a route which brings the most profit to the Railway which happens to pass through the particular places." After saying this he asked the pertinent question "these hardships are unavoidable in countries where Railways are owned by private Companies, but why should they be tolerated in India where the Railways belong to the State?"

- (c) Opinions may differ on the question, whether State or Company management would be better for a country, but they have been almost unanimous in holding it to be one of the principal functions of Railways to develop and help indigenous trade and industries. Indian Railways have so far taken little initiative in this question of the development of industries. Only recently, in May 1915, the Railway Board issued a circular to different Railway Companies bringing to their notice "the question of the assistance which can be rendered by Railways in the development of indigenous industries by the quotation of favourable rates, for the carriage of raw material required in manufacture and the carriage of the finished product." Nothing is known upto this time of the action taken by different Railway systems in this direction. So long as there is not one responsible and central authority of the state, to utilize the Railway system for the development of industries, it is useless to expect that any effective action will be taken. All the anomalies of rates, on the ground of large quantities and long distances, which really help the export of raw materials and widespread distribution of imported manufactured goods, as against indigenous manufactured articles will disappear only if there is one central management which holds that Railways have to look to the industrial and economic needs of the country, side by side with earning dividends for shareholders and revenue for the State.
- (d) Owing to the unchecked competition of railways the trade of places depending on water traffic has been practically killed, which would not have been the case if there had

been state management of Railways ; for the State would not have looked merely to railway profits at the sacrifice of the trade and industry of several of our small sea ports. An instance in point is afforded by Broach, the trade of which is practically killed by the manipulation of rates by the Railway Company serving that place. How justifiable this grievance was, can be gauged by the strong support the Government of Bombay gave to the petition of Broach merchants while forwarding it to the Government of India. Lord Sydenham in supporting this complaint, said that " Railways were made for India and not India for Railways ".

- (e) The congestion of traffic on all railways is one of the thorniest questions their administrations have to deal with. This question, in the opinion of my Committee, can be solved if there is a central State administration to organise and make the best use of the wagon capacity of different systems, instead of there being so many different managements.

Although there have been large additions during recent years to the rolling stock of the different Railways in the country, we continue to hear the cry of shortage of wagons during busy seasons, whenever there is congestion of traffic on any line. My Committee think that the fault lies mainly with the system that does not allow the shortage on one line to be remedied by the surplusage on another line rather than with the shortage of wagons in the country. In fact in slack seasons hundreds of these wagons have to lie idle. What is really needed is a scientific and systematic marshalling of these wagons which cannot be carried out at present, owing to the divided control of Railways.

- (f) Under the present system of management by companies, whatever grievances and complaints of the public there may be, whether with regard to the employment of Indians or the treatment of third-class passengers or important questions affecting trade and industry, managing companies give but a tardy response to public opinion. My Committee acknowledge that Government even now interfere in several instances with success. They recall with feelings of thankfulness the intervention of the Government, at the time of the serious complaint regarding undue preference

on the G. I. P. Railway in 1911. Such instances however of Government intervention are rare, as Government cannot go out of their way and interfere too often with the management of companies. If the management is in the hands of the State, our representatives in Provincial and Imperial Councils can get any information required by interpellations and get grievances redressed by drawing the attention of the Government. Under these circumstances, my Committee are of opinion that management of Railways by the State is in this country essential for the development of trade and industries and for the working of Railway lines in the best interest of the country. If the administration of Indian Railways is in the hands of the Government of India they can help the development of industries of this country by placing large orders for their requirements of the Railways with Indian manufacturers. They have already declared that as far as possible articles of Indian manufacture should be purchased by Government departments in India, provided that the quality and the prices are not unfavourable as compared with those of the imported articles. Under the system of company-management, the boards of directors being in England, practically all the orders will continue to be placed in England as hitherto and Indian industries will permanently lose the custom which would be theirs if the railways were state managed.

4. The present question has apparently arisen in consequence of the fact that the term for the management of the East India Railway Company expires in 1919 and, that notice under the contract must be given during 1917. If it is not possible for Government to arrive at a definite conclusion in regard to the general policy to be laid down for the future, my Committee think that the best course would be to give the required notice to the present management of the East India Railway Company, and to take that line over under State management. The total mileage of Trunk lines owned by the State is about 25000 of which 8000 miles are managed by themselves and 17000 miles by managing Companies. If the East India Railway which has a mileage of 2800 was taken over under State management, the proportion of mileage would be about 11000 under State management and about 14000 under Company

management. The next contract to fall in, is that with the G. I. P. Railway, the term of which expires in 1925. During the intervening period of about six years additional experience will have been obtained and this will prove useful in coming to a decision on the subject. Of the total mileage owned by the State, nearly half will have been during that time under State management and the remainder under the management of Companies. An added advantage will be that of the four Indian ports viz. Calcutta, Karachi, Bombay, and Madras the two former will be served by Railways managed by the State, while the two latter by Railways under the management of Companies. Under all these circumstances my Committee would strongly urge upon Government either to determine as their future policy that State-owned Railways shall be under their own management, or in the alternative to take over the management of the East India Railway Company and to postpone their decision in regard to the policy to be pursued in the future till a few years' further experience is obtained by working the lines under both the systems, with a more proportionate division of the total mileage and a more suitable distribution of traffic as regards the ports, than what prevails at present.

5. Apart from the varied advantages mentioned above by the taking up of the management of the East India Railway Co., my Committee are of opinion that the financial gain to the State will be such as would itself justify such a step. Under the terms of the contract between the Secretary of State and the East India Railway Co. the amount that is at present payable to its stockholders is 4 per cent. on the capital stock of £ 6,550,000 equal to £ 262,000 plus a share of surplus profits which looking to the last three years' figures are not below Rs. 24,00,000 which means a total of Rs. 63,30,000 per annum. These figures do not take into account the higher profits in future years which must continue to increase with the development of the industries and trade of the country. If the East India Railway Co., is taken over in 1919 the Government shall have to pay an annual sum of £ 294,750 equal to Rs. 44,21,250 till 1953. Government will thus save Rs. 19,08,750 every year (63,30,300—44,21,250) by terminating the contract and taking up the

management. This saving for 33 years will on a 4 per cent. interest basis work up to Rs. 12.59 crores approximately. Even if there were no other reasons in favour of State Management the financial gain only should be a sufficient reason for Government's accepting the proposals of my Committee and terminating the Contract of the East India Railway Co. in 1919.

I beg to remain,

Sir,

Your Most Obedient Servant,

J. K. MEHTA,

Secretary.

*Supplementary Memorandum submitted by the Committee of the
Indian Merchants' Chamber and Bureau to the
Railway Committee.*

1. With regard to the much discussed question of State versus Company Management of Railways it is interesting to note that the Bombay, Bengal and Madras Chambers of Commerce expressed their views in favour of State Management emphatically on different occasions. The Bombay Chamber declared itself in favour of State Management at the time of the agitation regarding the Nagda-Muttra Railway. Sir Earnest (now Lord) Cable and others emphasised the importance of State management of Railways at the annual meeting of the Bengal Chamber of Commerce in 1907 and that Chamber also took a similar attitude. The Madras Chamber of Commerce at the time of the consideration of the question of the renewal of the contract of the South Indian Railway advocated strongly in favour of State Management. These instances are submitted to show that the leading Anglo Indian Chambers of Commerce were once strongly in favour of State management of Railways but that they have changed apparently their views later on to suit their trade interests and conveniences.

Companies were on a purely commercial basis, i.e., they expected direct and good returns on capital in the near future. They cannot afford to undertake lines that may even be urgently necessary for the development of the country if such lines cannot pay dividends for, say, twenty years. The State can do this. It can take into consideration :—

- (1) Important revenues in other directions from territory so developed

and

- (2) Advantages in famine relief, etc., and can afford to wait for twenty or thirty years for direct dividends from the Railway Companies. This action which really means developing the State property for the ultimate welfare of the State, is also commercially sound, the only difference being that it, takes a very long view of the benefits to accrue which Companies cannot do.

The Committee of this Chamber wish to draw the attention of the Railway Committee to the great necessity of revising the Railway Risk Note forms "B" and "H". In these forms it is provided that the Railway Companies will be free from all responsibility for any loss of a consignment from any cause whatever except for the loss of a complete consignment or of one or more complete packages forming part of consignment, etc. The onus in all such cases is however on the plaintiff to prove the negligence of the Railway Company, while the Railway Company can escape from the responsibility by simply admitting the loss. Fortunately the Bombay High Court has recently held that the responsibility really rests upon the Company to prove the loss. My Committee urge that this must be made clear in the Risk Note forms.

My Committee further beg to suggest that the Railway authorities should be asked to keep a regularly bound register of all the Railway Risk Note forms signed by the consignors in order to eliminate the risk of such forms being interpolated afterwards, as happens, to my Committee's information, several times. A copy of a Risk note form signed by the consignor should accompany the invoices sent to the destination.

With regard to the Railway Risk Note form "A" there is a bitter complaint that the consignors are made to sign this Risk Note Form though the packing is sound. With regard to this my Committee forwarded a representation to the Great Indian Peninsula Railway so long back as 1910. This Risk Note form should be so amended as to show the onus of proving the loss on the Railway Company. This will prevent Railway authorities from demanding Risk Note Form "A" uselessly. Copies are herewith attached of representations of my Committee addressed to the Railway Board dated the 12th August 1910 regarding Risk

INDIAN MERCHANTS' CHAMBER AND BUREAU. 51

Note Forms "B" and "H" and addressed to the Agent, Great Indian Peninsula Railway dated the 26th July 1910 regarding Risk Note Form "A".

My Committee would, in conclusion, add that, though the terms of reference of the Railway Committee do not admit of specific suggestions being placed before them for cheaper alternative measures of communication suited to the means and ends of the Indian people and Indian Internal trade, there are great possibilities still untried or undeveloped in the river systems of several provinces, in the sea-board of coastal provinces and in the roads to afford a convenient transport. A comprehensive scheme of transport for the country cannot be framed if such alternatives are ignored.

INDIAN MERCHANTS' CHAMBER AND BUREAU,

(Copy referred to in previous letter).

77-79, Apollo Street, Fort,
Bombay, the 26th July 1910.

From

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

To

The Agent,

The Great Indian Peninsula Railway,

BOMBAY.

Sir,

Several grain and seed merchants of this Chamber have drawn attention of my committee to the fact that since the last year the Railway authorities have been placing an unduly extended meaning upon Risk Note Form A. Its head note reads as follows :—" To be used when articles are tendered for carriage which are either already in a bad condition or so defectively packed as to be liable to damage, leakage or wastage in transit."

The wording of this note in common with that of other Risk Notes in vogue in India is ambiguous but not such as to justify the construction which appears to have been placed upon it by your Company. It appears that in the monsoon season you insist upon the Risk Note Form A being executed though the gunny tars may be in a perfectly sound condition.

My Committee beg to point out that the packing is sound enough to allow long journey travelling without any danger of leakage therefrom. It is well known that grain and seed exported to foreign countries packed in this wise (on which a risk note is demanded here) do not suffer any quantitative loss in transit though the journey lasts for many days and covers thousands of miles. *A fortiori* the gunny packing for a short journey cannot be said to be insufficient and insecure. While emphasizing the fact that the packing generally used is perfectly sound, it may be observed that the margin of profits in trade is so small as to make it almost impossible for merchants to use any other material.

A copy of the survey report of Mr. Etkinson herewith annexed shows how goods certified to have been packed perfectly sound are yet made to be consigned under Risk Note Form A. Such a system of demanding Risk Notes is extremely injurious to trade apart from its one sided and most arbitrary character. In this connection the Committee would quote below an interesting letter from the Ag. Dy. Traffic Manager (goods) of your company to one Mr. Ranchordas Hirji dated the 10th July 1905. "Instructions have been given that if contents are in a thoroughly sound and dry condition and the covering of such a nature as to thoroughly secure contents and prevent wastage a Risk Note Form A need not be taken."

My Committee are strongly of opinion that this ought to be the regular system and hope that instructions to that effect will be issued to the staff of the Company.

I beg to remain

Sir,

Your most obedient servant,

Sd/ JAYASUKHLAL K. MEHTA,

Secretary,

THE INDIAN MERCHANTS' CHAMBER AND BUREAU,

(Copy referred to in previous letter).

Bombay, 12th August, 1910.

From,

The Chairman,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

To,

The Secretary,

The Railway Board,

SIMLA.

Sir,

The attention of the committee of this Chamber is drawn to the fact that the question of the Revision of Risk Note Forms B and H is to come on for consideration at the Railway Conference to be held in the month of September at Simla,

Embracing the opportunity my Committee beg to press upon the attention of the Railway Board the advisability of assimilating Risk Forms B and H to those in force in the United Kingdom. The demand of the commercial community is no new one. Indeed it dates as far back as 1888 when the Bombay Chamber of Commerce consulted Messrs. Craigie Lynch and Owen, solicitors who gave their opinion as follows:—
“We would, therefore, beg to suggest that some amendments be made to Chapter VII of this Bill (Railway bill) which would prevent Railway companies from contracting themselves out of the consequences of the wilful neglect or misconduct of themselves or of their servants and from making contracts which would prevent them from being held liable for loss, etc., to goods under all circumstances whatever.” This opinion was endorsed by the Committee of the Bombay Chamber of Commerce and was communicated to the Government of India.

Fully endorsing the above opinion the Committee expresses the hope that the Government will see the justice and reasonableness of amending Chapter VII, Sec 72, of the Railway Act so far as to afford that fair and adequate protection which the owners of property entrusted to railways for transport have a right to claim but which Railway Administrations ignore by adopting special forms of contract of an one-sided character under the extensive powers conferred on them by the Act. These

powers have been working prejudicially to mercantile interests, as they absolve Railway Companies from all responsibility for loss, arising from inattention, carelessness or negligence of their own servants. This contention has been advanced again and again by almost all commercial bodies and private individuals and firms but without any avail. The state of things apprehended at the passing of the Railway Bill has come to pass, chiefly through Railway Risk Note Forms B and H. These forms ambiguously worded as they are give a great deal of latitude to Railway Companies in the matter of exemption of all liabilities. Worse still, they are, the committee are of belief, a direct incentive to thefts by Railway servants. It is only natural that where masters shirk their just responsibility servants find the greatest temptation to speculation. As the section stands at present Railway Companies exempt themselves from ordinary liabilities of carriers which are thus defined by the Indian Contract Act. "In all cases of bailment the bailee is bound to take as much care as a man of ordinary prudence would under similar circumstances, take care of his own goods of the same bulk, quality and nature as the goods bailed."

My Committee beg to assure the Railway Board that they do not exaggerate when they say that continuous complaints of merchants regarding Railway thefts are due primarily to the want of any proper definition of responsibilities by Railway Companies.

It was only four years back that the Risk Note Forms B and H. were so revised that a loss of a complete consignment or one or more complete packages forming part of a consignment due to the neglect of a Railway Company was not exempted by the terms of the Risk Note. But even this change, a slight concession though it was to the demands of the commercial community, is not without its defects and has failed adequately to meet the real grievance. What is really wanted is a thorough assimilation of the Indian Risk Note Forms B and H with the English Risk Note. Both the Indian and English Risk Note Forms are similar in all respects with this exception that the latter contains the following important proviso "except upon proof that such loss, damage, misdelivery, delay or detention arose from wilful misconduct on the part of the Company's servants." Such a proviso if inserted in the Indian Risk Note Forms B and H will, the committee believe, be much appreciated by the commercial community and will be preventive to a large extent of thefts and damage. In support of the request my committee would quote here from the

Report of Mr. Robertson on the Administration of Railways in India ;
 " In England Railway is not exempted from liability of the wilful acts of
 its own servants, and the present conditions in the Indian Risk Notes
 cannot work in the best interests of the country at large." It is to be
 hoped that looking to the interests of the commercial community and of
 the country at large the proposals hereinbefore suggested will receive
 favourable consideration and be agreed to by the Railway Conference.

Regarding the aforesaid amendment made in Risk Note Forms in
 1906 the committee beg to bring to your notice the fact that even though
 some facility is given to merchants by holding Railway Companies
 responsible for the loss of a complete consignment of one or more
 packages its effects are nullified by the proviso about " robbery in the
 running train ". This phrase is my committee fear too comprehensive.
 The Marwari Association of Calcutta well observed in their letter last
 year that consignments might be delivered incomplete and yet if no proofs
 were forthcoming of the theft having taken place at any particular station
 when the train was standing still proofs would be difficult to get and the
 consignee would lose all his claims on the inference that the theft must
 have taken place when the train was in motion. My committee beg to
 urge that the phrase ' robbery in a running train ' be deleted from the
 revised Risk Note Forms B and H. It goes without saying that were the
 Board to assimilate the Indian Risk Note Forms with the British ones
 there would be no necessity for all these changes. In conclusion the
 committee again request that taking into consideration the consensus of
 opinion among the commercial community on this very subject, the
 Railway Board will not fail to adopt the suggestions made so as to put
 an end to this long-standing and absolutely just and well-founded
 grievance.

I beg to remain,

Sir,

Your most obedient servant.

(Sd.) MANMOHANDAS RAMJI,

Chairman.

(Sd.) PURSHOTTAMDAS THAKOREDAS,

Vice-Chairman.

(Sd.) JAYASUKHLAL K. MEHTA,

Secretary.

APPENDIX VII.

THE SEGREGATION OF INDIANS IN EAST AFRICA.

Mombasa p. 6.

Telegram.

Inchambu,

BOMBAY.

Following cable sent Viceroy enforcement racial segregation based Simpson's scheme gazetted went so far as including even private freehold land resulting restriction sale land belonging honourable Abdulrasool Alidina Visram on Mombasa Island for European residence only other Asian owned lands affected Indian Association respectfully urges His Excellency Viceroy secure immediate suspension pending revocation of this policy through intervention India office failing which bitter irreconcilable discontent amongst peaceful lawabiding community bound to follow

Indian Association.

No. 5212.

21st October 1920.

T/86.

From

J. K. MEHTA, ESQ., M.A.,

Secretary.

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Secretary to the Government of India,

Department of Commerce,

SIMLA.

Telegram:

"Committee of the Indian Merchants' Chamber have received the following telegram from the Indian Association, Mombasa. They have read its contents with the deepest regret and dismay. They request Government to be pleased to make urgent enquiries in this matter and to stop immediately the East African Government, if allegations made in

the cablegram be true, from perpetrating injustice upon Indian settlers. My Committee fear otherwise a great discontent and resentment will be the result. Telegram: "Enforcement of racial segregation based on Professor Simpsons Scheme has been gazetted. Goes so far as to include even private free-hold land belonging to the Honourable Abdul Rasool Aladina Visram on Mombasa Island for European residence only. Other Asian owned lands affected. The Indian Association respectfully urges His Excellency and the India Office to act failing which bitter irreconcilable discontent among the peaceful law-abiding community is bound to follow." Lalji Naranji. Chairman.

No. 7629.

Government of India,
DEPARTMENT OF COMMERCE.

SIMLA, the 29th October 1920.

From

J. G. BEAZLEY, ESQUIRE, I.C.S.,

Deputy Secretary to the Government of India.

To

THE CHAIRMAN,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to acknowledge the receipt of your telegram, dated the 21st October 1920, regarding the enforcement of racial segregation in the Kenya Colony. The Government of India have communicated the substance of the telegram from the Indian Association, Mombasa to the Secretary of State.

I have the honour to be,

Sir,

Your most obedient servant,

J. G. BEAZLEY,

Deputy Secretary to the Government of India.

EAST AFRICA.

An informal meeting of some representatives of the Indian Merchants' Chamber and the Colonial Merchants' Association was held on Monday the 25th October 1920 at 12 noon to see Mr. Corbett of the Government of India regarding the situation of British Indians in East Africa; the following were present :—Mr. Lalji Naranji, (Chairman of the Indian Merchants' Chamber), The Honourable Mr. C. V. Mehta, Mr. Rahimtulla Currimbhoy, Mr. Husseinbhoy A. Lalji (Vice-President of the Colonial Merchants' Association.) After some discussion Mr. Corbett made a long statement regarding the present position of British Indians in East Africa. He assured the gentlemen present that the Government of India was going to fight out this question to a finish. The Government asked the Colonial Office that nothing should be done till Sir Benjamin Robertson had finished his enquiry. This was not done however by Lord Milner and as the consequence Sir Benjamin Robertson and Mr. Corbett were not allowed to discuss the question of broad policy in East Africa. Lord Milner's decisions were framed without any knowledge of facts. Sir Benjamin Robertson and Mr. Corbett formed a very high opinion of Indians in Nairobi; they stated their case with moderation and intelligence. A dispatch has been sent to the Secretary of State for India regarding the situation and he is asked for permission for its publication. All the facts are so convined that the Government cannot rest at the present position, specially as Lord Milner's decisions were arrived at without any knowledge of facts. On the face of it His Majesty's Government is bound to re-open the case. The solution of the difficulties will be faund by the appointment of a Royal Commission.

There are three principal questions regarding the situation : viz., (1) franchise, (2) segregation, and (3) restriction on the ownership of lands :—(a) uplands and (b) low-lands. With regard to (1) it would be the best possible thing to have a common electorate with a common franchise and not a franchise based on racial principles. With regard to (2), the question of segregation is due to Professor Simpson which is entirely unpracticable. The Uganda Development Commission and the Uganda Chamber of Commerce disapproved of the proposal of commercial segregation. The criterion should be not according to race but according to the class of business. The question narrows down to this ; viz., a handful of European land speculators want to bid by 60 plots of land by eliminating Indian competition, Indians in East Africa. Sir Benjamin Robertson

and Mr. Corbett and the Government of India all agree with regard to the present situation in East Africa. With regard to (3), restriction on ownership of lands :—the Indians generally do not find the uplands suitable for cultivation but this should be no justification for refusal of purchase of lands in uplands by Indians.

APPENDIX VIII

Representation of the Chamber on the Committee to be appointed by the Government of Bombay to draft a Comprehensive Scheme of Technical and industrial Education in the Bombay Presidency.

No. 4446.

Educational Department,
Secretariat, Fort, Bombay.

Dated the 19th October 1920.

From

J. C. KER, ESQUIRE, I. C. S.,

Secretary to the Government of Bombay;

To

The Secretary, Indian Merchants' Chamber and Bureau.

Sir,

I am directed to state that the Governor-in-Council has decided to appoint a committee to draw up a comprehensive scheme for technical and industrial education in the Bombay Presidency consisting of one representative of each of the following bodies including your Chamber :—

- (1) The Bombay University ;
- (2) The Indian Merchants' Chamber and Bureau ;
- (3) The Millowners' Association, Bombay ;
- (4) The G. I. P. Railway ;
- (5) The B. B. & C. I. Railway

and

of the following gentlemen :—

- (6) The Hon'ble Mr. R. P. Paranjpye, M.A., B.Sc., Principal,
Fergusson College, Poona.

- (7) Lieutenant Colonel G. H. Willis, C.I.E., M.V.O., R.E., Mint Master, Bombay.
- (8) Mr. G. H. Thistleton Dyer, M.A., M.I.C.E., Director of Industries, Bombay Presidency.
- (9) Mr. T. S. Dawson, Principal, Victoria Jubilee Technical Institute, Bombay.
- (10) Mr. K. R. Kanitkar, Professor of Physics, Fergusson College, Poona.

I am to request that you will be so good as to communicate to Government as soon as possible the name of the person whom your Chamber wishes to nominate as its representative on the Committee.

I have the honour to be,

Sir,

Your most obedient servant,

J. C. KER,

Secretary to the Government of Bombay,
Educational Department.

T105.

27th October 1920.

To

J. C. KER, ESQUIRE, I.C.S.,
Secretary to the Government of Bombay,
Educational Department,
Secretariat, Fort,
BOMBAY.

Sir,

I am directed to acknowledge receipt of your letter of the 19th instant. No. 4446 and to inform you that my Committee have nominated the Honourable Mr. C. V. Mehta as their representative on the Committee to draw up a comprehensive scheme for technical and industrial education in the Bombay Presidency.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,
Secretary.

APPENDIX IX.

THE COAL SITUATION.

T/41.

14th October 1920.

From

J. K. MEHTA, Esqr., M. A.,

Secretary, Indian Merchants' Chamber and Bureau,

BOMBAY;

To

The Secretary to the Government of India,

Department of Commerce,

SIMLA.

Sir,

Under directions of the Committee of this Chamber I beg to send hereby their views regarding the present coal situation which is believed to be serious and which, it is feared, will affect very adversely all our industries.

X class indents for Bombay are now stopped and there remain only what is termed wagons under public supply which is greater on certain days of the week. The collieries try to secure, it is said, the largest number of empties on these days since these could be sold at a rate varying between Rs. 13 to 18 per ton loaded into wagons ex pits' mouth. These railway receipts are bought and sent to Bombay, by middlemen, and are daily sold in Bombay at a rate varying between Rs. 16 and 19 per ton. Purchases by bonafide coal merchants under contracts for supply to mills are for prices varying between Rs. 4 and 8 per ton according to the quality of the coal. It is not possible to expect the collieries to send these Railway Receipts for wagons obtained by them under public supply when they can make a clear extra profit of Rs. 9/11 per ton by selling them on the spot. Such a state of things is extremely detrimental to the interests of trade and industries and should not be allowed to go on by the Government. The obligation on the collieries to despatch the wagons to consumers under contract disappears by the recent stoppage of grant of X Class supply and the only alternative left open to Mills and other industries is to buy these Railway Receipts at the highly inflated prices.

My Committee beg to suggest with reference to this that a Committee should be appointed in Bombay as a certifying authority consisting of one representative each of the following Associations :—

- The Bombay Chamber of Commerce,
- The Indian Merchants' Chamber,
- The Mill-Owners' Association,
- The Ahmedabad Mill-owners' Association,
- The Bombay Coal Merchants' Association.

Indents passed by this committee will be sent to the collieries who must not be allowed any wagons over and above the wagons required under these indents.

(a) All the wagons from the Collieries must be despatched to Bombay, Ahmedabad or any other consuming station consigned to consumers only and not to any private individual or merchant or under public supply.

(b) The Railway authorities should cut off a supply of wagons to the collieries which may be proved to have practised any under-hand dealings.

(c) The Committee should be authorised to keep an emergency stock, at Bombay and Ahmedabad, to supply Mills, which may run short of coal due to some accident, as also to supply to petty consumers, and should be empowered to fix from time to time the selling rate.

(d) The Committee should deal with mal-practices by any consumer or merchant, the punishment to be suspension of a supply to him for a shorter or longer period as the merits of the case may require.

(e) Public supply of wagons must be stopped altogether to all stations in the Presidency.

The Committee are informed that the stocks of coal at the collieries are largely depleted at present. The raisings of the collieries in Bengal have also fallen down on an average by about 50 per cent. both in Ranee-gunj and Jharria sections. Ranee-gunj is nearly cleared away of its stocks due to heavy exports and labour shortage and in Jharria the same is the condition with regard to first class coal. Along with short raisings and shortage of labour, export of coal is equally a responsible factor in creating

the present famine and the consequent high prices. The export reports show that Indian coal has been exported to Aden, Colombo (the biggest foreign consumer of Indian coal) and even Egypt, Hongkong, Italy, Straits Settlement, Philippines and Asiatic Turkey etc. Taking figures from the statistical report of the Indian Mining Association for Calcutta Port alone it is found that export of Indian coal is gone up unusually high say by about 400 per cent. both for bunkers and cargo. The figures are as :—

	January to June 1919.	January to June 1920.
Cargo ...	210,874 tons.	831,653 tons.
Indian		
Bunkers ...	54,431 "	64,952 "
Foreign		
Ports ...	192,450 "	276,043 "

Bunker Coal.—During the last nine months of one year, the export of foreign ports by way of Bunker coal, not counting the figures for inland Port Bunkers, have been unusually heavy, due to European coal prices having gone up to Rs. 150 per ton. In Bombay good coal could be bunkered for Rs. 27 per ton while at Colombo it was Rs. 50 to Rs. 55, Port Said Rs. 60 to 80, London Rs. 120 per ton. This tempted all the foreign going ships to purchase all their bunker capacity or if capacity was satisfactory in their holds, to take coal from Bombay and Karachi at Rs. 25 or from Calcutta at Rs. 14 per ton as against the price above. Even business has been reported and some ships are said to have sold their bunker coal in foreign ports thus purchased in India. It is reported that during the last April while going from Bombay S.S. "Berlin" and S.S. "Zeppelin" took their bunkers as 4,700 tons and 5,200 tons, respectively. Even Non-British Flags are taking equally heavy quantities for their bunkers. This export by way of cargo and bunkers is given the greatest facility by the railway companies so far as the wagon supply is concerned as against any other local industrial requirements. This preferential treatment is also one of the main reasons for coal shortage and high prices.

Government Export:—

The Committee are informed that Government is exporting about 300,000 tons to Port Said during the next two months. This will also make the situation worse.

Supply arrangement :—

The present arrangement of coal supply as arranged by the Government Coal Transportation officer for the supply of wagons is classed as—

- (1) Government requirements,
- (2) Railways,
- (3) Cargo and Shipments,
- (4) Public utility and Calcutta fuel requirements,
- (5) Textile industries,
- (6) Sundry consumers such as gins, Brick factories, etc.,
under public supply.

But it now appears that owing to a difference of opinion between the Indian Mining Association and Mining Federation supply to textile industries under X class is cancelled. So far as Bombay industries are concerned the consumers are asked to secure their requirements from public supply of wagons. The result will be that the textile industries of Bombay and Ahmedabad have to pay heavy prices for their coal as the public supply stands the least chance of getting wagons allotment. In view of all these circumstances my committee beg respectfully to draw the attention of the Government to the present acute situation and to urge that immediate action be taken on lines suggested by them.

The figures for the so-called public supply as against special supply are absolutely very poor and afford no relief to consumers as is illustrated by the figures given below :—

EAST INDIA RAILWAY CO.

				Special supply.	Ordinary supply.
January	...	...	...	19,074	8,813
February	...	...	...	27,896	5,523
March	...	...	...	23,475	9,177
April	...	...	...	22,706	9,060
May	...	...	...	31,130	8,975
June	...	...	...	28,363	6,260
July	...	...	...	38,088	8,630
August	...	...	...	20,004	11,225
September up to 11th	...	...	...	13,683	3,217

BENGAL NAGPUR RAILWAY CO., LTD.

January	...	...	...	7,107	Nil.
February	...	...	...	9,781	602
March	...	...	...	7,247	Nil.
April	...	...	...	7,918	221
May	...	...	...	10,658	806
June	...	...	...	8,240	283
July	...	...	...	11,719	1,855
August	...	...	...	8,597	1,363
September up to 11th	...	...	...	5,343	285

My Committee will be much obliged if you will kindly inform them as to what improvement, if any, has taken place in the position of the supply of wagons, as compared with the position which existed in 1918 and 1919.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

No. 7285.

Government of India,

DEPARTMENT OF COMMERCE.

Simla, the 19th October 1920.

From

The Hon'ble Mr. C. A. INNES, C.I.E., I.C.S.,

Secretary to the Government of India;

To

The SECRETARY,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to acknowledge the receipt of your letter No. T/41, dated the 14th October 1920, regarding the present coal situation. The points raised in this letter will be considered and a further reply will be

sent to you. In the meantime I am to take this opportunity of correcting one or two statements in your letter.

2. The fact that Indian coal was being exported to numerous foreign ports attracted the attention of the Government in May, but, as your Chamber is doubtless aware, the Government of India prohibited the export of coal except under license with effect from the 24th July 1920. The only ports to which Indian coal is now allowed to be exported are certain important bunkering ports in the vicinity of India namely Colombo, Singapore, Aden and Sabang. The quantities which may be exported to these 4 ports moreover are strictly limited. In July and August, in order to make allowance for existing commitments, exports to Colombo and Singapore exceeded the prescribed quantities, but such exports are now strictly limited. The information which your Committee has received that Government is exporting 300,000 tons to Port Said during the next 2 months is quite incorrect. If any coal is sent to Egypt at all it will merely be a small supply of bunker coal not exceeding 42,000 tons in October and November in order that steamers outward bound in the Far Eastern Trade route may not be held up for want of coal. The object of this measure is merely to tide over the crisis caused by the coal strike in the United Kingdom. At present owing to the shortage of coal in all bunker ports along the Far Eastern route it is necessary to allow steamers leaving Indian ports to bunker up to the port of final destination. But the licensing system has been introduced mainly with the object of preventing abuses such as are referred to in your letter and, as far as is known, no instance has occurred recently of a steamer loading larger supplies of bunker coal than are required for the voyage and selling her surplus stocks at foreign ports. If such cases are brought to light, necessary action will be taken.

I have the honour to be,

Sir,

Your most obedient servant,

C. A. INNES,

Secretary to the Government of India.

APPENDIX X.

Rate of Telegrams between Aden and the United Kingdom.

(Please vide Appendix 85, page 614 of this Chamber's Report for 1919-20.)

APPENDIX XI.

Relaxation of duty on Saturday to the Postal employees in Bombay.

Posts and Telegraphs.

No. 47711.

From

THE POSTMASTER GENERAL,

BOMBAY;

To

THE INDIAN MERCHANTS' CHAMBER AND BUREAU,

19, Bank Street, Old Telephone Buildings,

Fort, Bombay.

Bombay, dated the 17th September 1920.

Sir,

I have the honour to put before you a proposal to give the Postal employees in Bombay a relaxation of duties as is given to other departments of Government, Banks, Firms and other Institutions on *Saturdays* by closing counter work of the Post Office at 2 p.m. and having no delivery of money orders, registered and insured letters and parcels and V.P.P. after that hour. The delivery of unregistered correspondence, despatch of mails and the sale of stamps will remain unchanged.

2. I have reason to believe that the hours of business of the Post Office could be curtailed to this extent without causing inconvenience to the Public since most establishments close at 2 p.m.

3. This question of relaxation on Saturdays has been represented to me by the Staff and I trust that you will view the matter with sympathetic consideration and that you will kindly let me know whether you agree.

I have the honour to be,

Sir,

Your most obedient servant,

H. A. SAMS,

Postmaster General.

No. 5212.

T2.

4th October 1920.

From

J. K. MEHTA, Esquire, M.A.,
Secretary, Indian Merchants' Chamber and Bureau,
BOMBAY;

To

THE POSTMASTER GENERAL,
BOMBAY.

Sir,

I am directed to acknowledge receipt of your letter dated 27th September 1920, No. 47711 and to inform you that my Committee approve of the proposal of giving relaxation on Saturdays to the postal staff.

In order, however, that inconvenience may not be caused to the commercial community, they beg to suggest that some important post offices like :—

Mandvi, Mumbadevi, Kalbadevi, & Girgaon
should be kept open.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

Posts and Telegraphs.

No. 47711.

From

THE POSTMASTER GENERAL,
BOMBAY;

To

THE SECRETARY,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Dated Bombay, the 18th November 1920.

Sir,

With reference to your letter dated the 4th October 1920, I have the honour to say that if as suggested by your Committee some important post offices like Mandvi, Kalbadevi, etc., are kept open after 2 p.m. on Saturdays a large number of the staff will be denied the relaxation proposed to be given and it would cause some heart-burning among those who did not get the concession. I therefore beg to enquire whether the closing of all post offices at 2 p.m. on Saturdays would really seriously affect the convenience of the commercial community and to request that the question may very kindly be reconsidered by your Chamber and their final decision intimated to me at an early date.

I have the honour to be,

Sir,

Your most obedient servant,

H. A. SAMS,
Postmaster General,

T 219.

2nd December 1920.

To

THE PRESIDENCY POSTMASTER,

BOMBAY.

Sir,

I am directed to acknowledge receipt of your letter No. 47711, dated the 18th November 1920. My Committee feel that the closing of all Post Offices at 2 p.m. on Saturdays will seriously affect the convenience of the Commercial community. If this were not so they would not like to come in the way of any necessary relaxation being given to the hard-worked postal staff. In order, however, that this relaxation may be given as also that the Commercial community may not be seriously inconvenienced, my Committee beg to suggest that a sufficient extra number of men should be employed by the Postal Department so as to make it possible for them to allow half-a-days additional Holiday to the whole of their staff. It may also be suggested as an alternative that payment may be made to men who work overtime on Saturdays in order that there may be no feeling of heart-burning.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

APPENDIX XII.

Weekly day of rest to Commercial employees in Bombay.

No. 12299.

GENERAL DEPARTMENT,

Secretariat, Fort, BOMBAY.

Dated the 9th December 1920.

From

J. C. KER, Esquire, I. C. S.,

Secretary to the Government of Bombay,

General Department;

To

THE SECRETARY,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to refer you to Government letter No. 12791 from the Home Department dated the 19th November 1920 regarding the grant of a weekly rest day to commercial employees and to request that a reply may be forwarded to Government with as little delay as possible.

I have the honour to be,

Sir,

Your most obedient servant,

(Illegible)

For Secretary to the Government of Bombay,

General Department.

ANNUAL REPORT OF THE

No. 10791.

HOME DEPARTMENT,

Secretariat, Fort, BOMBAY.

19th November 1920.

From

G. WILES, Esquire,

Deputy Secretary to the Government of Bombay,

Home Department;

To

THE SECRETARY,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to forward herewith a copy of a letter from the Government of India, Board of Industries and Munitions, No. L-830, dated the 1st November 1920, and to request that you will be so good as to inform Government as early as possible to what extent a weekly rest day is given to commercial employes in Bombay. Your opinion on the desirability of legislation in this respect is invited.

I have the honour to be,

Sir,

Your most obedient servant,

G. WILES,

Deputy Secretary to the Government of Bombay,

Home Department.

INDIAN MERCHANTS' CHAMBER AND BUREAU 73

No. L-830.

Government of India.

BOARD OF INDUSTRIES AND MUNITIONS.

From

The Secretary,

Board of Industries and Munitions,

SIMLA;

To

The Chief Secretary to the Government of MADRAS.

The Chief Secretary to the Government of BOMBAY.

The Chief Secretary to the Government of BENGAL.

The Chief Secretary to the Government of the
UNITED PROVINCES.

The Chief Secretary to the Government of the PUNJAB.

The Chief Secretary to the Government of BURMA.

The Chief Secretary to the Government of BIHAR & ORISSA.

The Chief Secretary to the Hon'ble the Chief Commissioner
of the CENTRAL PROVINCES.

The Chief Secretary to the Hon'ble the Chief Commissioner
of ASSAM.

The Chief Commissioner, DELHI.

Dated Simla, the 1st November 1920.

Sir,

I am directed to refer to the agenda for the International Labour Conference which will assemble at Geneva on 4th April 1921, as finally prepared and embodied in the *communiqué* forwarded with the Government of India, Board of Industries and Munitions' letter No. L-830 dated 20th October 1920. A copy is enclosed for reference.

2. In the Government of India, Board of Industries and Munitions' letter No. L-830, dated 23rd August 1920, the first three items of the agenda have already been discussed. It is in connection with the new item, relating to a weekly rest day in industrial and commercial employment, that I am now to address you. The present Factories Act provides

for a weekly rest day for nearly all industrial workers. Some modification in the existing provisions is at present contemplated, but this would not have the effect of relaxing the present rules in any way. *It is unlikely that our legislative provisions in this respect will be adversely criticised.* On the other hand, there is no statutory provision for a weekly rest day in commercial employment and the Government of India have reason to believe that the majority of commercial employees in this country, receive no such regular holiday. I am to request, therefore, that the local ^{Government} Administration will supply the Government of India with information as to how far a weekly rest day is given to commercial employers. They would also welcome any suggestions bearing on the practicability of legislation in this respect and the position to be taken up by the Government delegates at Geneva on this question.

*3. I am next to refer to the 5th item of the Agenda, namely,—

(a) The prohibition of the employment of any person under the age of 18 years as trimmer or stoker, and

(b) Compulsory medical examination of all children employed on board ship. As regards the former of these two questions, I am to invite attention to the correspondence ending with Commerce and Industry Department's [†] letter No. 4972-7, dated the 5th July 1911.

[†] endorsement No. 4973-4976-7, dated the 5th July 1911. The Merchant Shipping Acts in India do not impose any limitations on the age at which lascars may be employed on board ship. But it will be seen that by executive instructions Shipping Masters in all maritime provinces have been directed to pay particular attention to the physique of young lascars seeking employment in the engine-room of steamers, and that they have been instructed that where such candidates appear to them to be physically unfit by reason of their youth, they should either refer the matter for the decision of the Port Health Office or refuse employment as they may think fit. Originally, on the recommendation of the Board of Trade, it was decided that lascars under 18 years of age should not be employed in the engine-room of steamers. Subsequently, however, the Government of Bengal proposed that an exception should be made as regards coasting vessels, and that in respect of these vessels the minimum

* Paras. 3 and 4 to Madras, Bombay, Bengal and Burma only.

† To Bengal:

† To Madras, Bombay and Burma.

age for lascars in the engine-room should be fixed at 16 instead of 18 years. It was urged that the conditions in the coasting trade were not severe, that the voyages were short and that comparatively large crews were carried, and it was also pointed out that while the recruitment of firemen might be unduly restricted if too strict a limitation of age were enforced, there was no objection from the medical point of view to youths of 16 years of age being employed as trimmers in the engine-room of steamers provided that they were of good physique. I am to ask that the Government of India may be furnished with the views of the local Government Administration as to whether their representatives at the Geneva Conference should press for the continuance of this exception from the 18-year rule in respect of trimmers and firemen in the engine-rooms of coasting steamers.

4. As regards the compulsory medical examination of children employed on board ship, I am to say that though the Apprentices Act XIX of 1850, prescribes that children between the age of 10 and 18 may be bound as apprentices, and though provision is made in this Act for sea service, it is believed that the Act is practically a dead letter, at any rate in regard to sea service, and the Government of India are not aware that lascar children are employed to any extent either in foreign-going or in coasting vessels. It is understood, however, that young boys are occasionally employed as deck hands in coasting steamers on nominal wages. These boys are usually the sons or relatives of serangs, tindals and leading hands and are looked after by them. The question of the employment of children in steamers was discussed at the Genoa Conference in June last and the Conference has suggested that children under 14 years of age should not be employed or work in vessels other than vessels upon which only members of the same family are employed. The local Government Administration will be consulted in due course on this recommendation of the Genoa Conference. In the mean time I am to ask whether arrangements could be made for the medical inspection of such children as are employed in foreign-going or coasting ships in India, and if so, whether there would be any objection to prescribing that such medical examination should be made.

5. I am to request that the local Government Administration will favour the Government of India with their views not later than the end of November 1920. [The Government of India do not desire, however, that the answer to the previous letter should be delayed until the local Government Administration are is in a position to reply on the fresh points now raised.]

I have the honour to be

Sir,

Your most obedient servant,

J. C. B. DRAKE,

Secretary, Board of Industries and Munitions,

Copy forwarded to the Department of Commerce, for information.

By order, etc.,

J. C. B. DRAKE,

Secretary, Board of Industries and Munitions.

AGENDA

OF THE

THIRD INTERNATIONAL LABOUR CONFERENCE.

1. Reform of constitution of the Governing Body of the International Labour Office.

2. Agricultural questions :—

(a) The adaptation of the Washington decisions to agricultural labour :—

I. Regulation of the hours of work ;

II. Measures for the prevention of or providing against unemployment ;

III. The protection of women and children.

(b) Technical agricultural education.

[] Not to C. P.

- (c) Living-in conditions of agricultural workers.
- (d) Guarantee of the rights of association and combination.
- (e) Protection against accident, sickness, invalidity and old age.
- 3. (a) Disinfection of wool infected with anthrax spores.
- (b) Prohibition of the use of white lead in painting.
- 4. The weekly rest day in industrial and commercial employment.
- 5. (a) The prohibition of the employment of any person under the age of 18 years as trimmer or stoker, and
- (b) Compulsory medical examination of all children employed on board ship.

No. T/239.

5th December 1920.

From

J. K. MEHTA, Esq., M.A.,

Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Secretary to the Government of Bombay,

General Department,

BOMBAY.

Sir,

With reference to your letter No. 10791 dated the 19th November 1920 regarding the grant of a weekly day of rest to commercial employees, I am directed by my Committee to say that a statutory provision in that respect is undesirable for the following among other reasons :—

- (1) The social and religious habits of the people are such that holidays on certain occasions are indispensable. The number of such holidays regularly comes to about 2 to 3 days per month on

an average. If any curtailment in the number of these holidays is resorted to in lieu of the commercial employees' getting the weekly day of rest proposed, it will not be welcomed by them as a happy change.

- (2) On the other hand if a weekly day of rest were given over and above the holidays which are at present being enjoyed by the commercial employees it would, my Committee think, mean a rather liberal allotment of holidays.
- (3) In almost all the Indian commercial firms it is a practice to allow all their employees to go on leave turn by turn with full pay for a period of 4 to 8 weeks.
- (4) Without prejudice to what has been stated above, I am directed to say that even if legislation were to be enacted on the point it would be ineffective, as most of the commercial employees are boarded and lodged by their employers whose dwelling places are used both for residential and business purposes.

Under the circumstances, my Committee feel that it will be undesirable and impracticable to enforce a weekly day of rest by legislation as they believe that such a day of rest will be brought about automatically through the course of time and progress of modern ideas and ideals. The commercial community are strongly against such legislation.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

APPENDIX XIII.

BRITISH DYES' PROTECTION BILL.

No. T 337.

12th January 1921.

From

J. K. MEHTA, ESQUIRE, M.A.,
Secretary,

The Indian Merchants' Chamber and Bureau,
BOMBAY.

To,

The Secretary to the Government of India,
Department of Commerce,
DELHI.

Sir,

The attention of my Committee has been drawn to the Act recently passed in the House of Commons to regulate the importation of dye-stuffs in the United Kingdom. I am directed to request you to be kind enough to inform my Committee if this Act is applicable to this country or if it is proposed to apply it to this country.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,
Secretary.

No. 578.

Government of India,
DEPARTMENT OF COMMERCE.

Delhi, the 19th January 1921.

From

J. B. TAYLOR, ESQUIRE, I.C.S.,
Under Secretary to the Government of India;

To

The Secretary,
The Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

I am directed to refer to your letter No. T.337, dated the 12th instant, and to inform you that the reply to both your questions is in the negative.

I have the honour to be,

Sir,

Your most obedient servant,

J. B. TAYLOR,

Under Secretary to the Government of India.

APPENDIX XIV.

Hardships of the Bombay Oil Merchants.

Bombay, 2nd December 1920.

To

The Secretary,
Indian Chamber Bureau,
BOMBAY.

Dear Sir,

I beg to send you herewith a printed copy of the Petition sent by the oil merchants to the Municipal Commissioner to submit it to the Corpora-

tion. The application is put on the agenda paper, and it is to come before the Corporation very shortly. The oil merchants have been, from time to time, prosecuted by the Commissioner at one time for keeping vegetable oil, in excess of license, and at another time for keeping the same without the license. The Commissioner wants to impose upon the merchants the terms which it is impossible to comply with.

This is a matter of very great importance to oil-merchants, and you can very well understand the hardships that we suffer.

The petition contains all the points that we have raised. The section of the Municipal Act, which we are supposed to have offended is S. 394 and Schedule M, thereof.

I shall thank you to give the matter your urgent consideration and to address the Municipal authorities, raising your voice, on behalf of the oil merchants.

Thanking you in anticipation.

Yours very faithfully,

B. T. DALAL,

Secretary,

The Bombay Oil Merchants' Association,

Katha Bazar, Bombay.

T. 240.

15th December 1920.

To

The Municipal Commissioner,

The Bombay Municipality,

BOMBAY.

Sir,

I am directed by my Committee to invite a reference to the petition made to you on behalf of the Oil Merchants' Association, Bombay.

My Committee have carefully considered the question and they endorse the view held by the petitioners that the restrictions imposed upon their trade by the Municipal authorities from time to time are such as would greatly hamper their trade. The oils in which the petitioners are dealing are all vegetable oils which are neither inflammable nor are

they likely to damage life, health or property. The report of the Chemical Analyser to the Government of Bombay on this point is also conclusive enough.

My Committee will like to know of instances where oil has contributed to any fire. It will be also extremely inconvenient to have the oil stored away from the city.

Under the circumstances my Committee think that a strong case is made out on behalf of the Oil Merchants and they trust that their petition will receive at the hands of the authorities concerned the consideration it deserves.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

BOMBAY MUNICIPALITY.

No. L/36-B of 1920-1921.

Dated 8th February 1921.

To

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

Sir,

With reference to your letter No. T-240 dated the 15th December 1920 and subsequent reminder regarding the petition of oil merchants, I have the honour to say that the question has been referred to a Committee of the Corporation.

I have the honour to be,

Sir,

Your most obedient servant,

R. P. MASANI,

Dy. Municipal Commissioner.

T. 698.

6th April 1921.

To

The Secretary,

Bombay Municipality,

BOMBAY.

Dear Sir,

In connection with the correspondence ending with your letter dated 8th February 1921, No. L/36-B of 1920-1921, I have to request you to let me know what further progress, if any, has been made in the matter.

Yours faithfully,

J. K. MEHTA,

Secretary.

BOMBAY MUNICIPALITY.

No. L/665 B of 1921-1922.

Dated 6th July 1921.

To

The Secretary,

The Indian Merchants' Chamber & Bureau.

Sir,

With reference to your letter No. T/698 of the 6th April 1921 and subsequent reminder addressed to the Municipal Secretary, regarding the grievances of oil merchants, I have the honour to say that the matter is under the consideration of a Committee of the Corporation.

I have the honour to be,

Sir,

Your most obedient servant,

P. K. KIRPALANI,

Ag. Dy. Municipal Commissioner,

APPENDIX XV.

*Interview with the Hon'ble Mr. C. A. Innes, Secretary,
Government of India, Commerce Department.*

A meeting of the Committee of the Indian Merchants' Chamber and Bureau was held on Friday, the 10th Dec. 1920, at 1 p.m. (S. T.) to discuss with the Hon'ble Mr. C. A. Innes, C.I.E., I.C.S., Secretary to the Government of India, Commerce Department, the present coal situation; Mr. Hansraj Pragjee Thakersey, Vice-Chairman of the Chamber, was in the chair. The President after welcoming Mr. Innes opened the discussion which was mainly centred on the following points: (a) Increase in rates for the carriage of coal, (b) Shortage of wagons for the supply of coal, (c) The export of coal to foreign countries, (d) An Advisory Committee for the proper distribution of coal, and (e) Extra Supply system.

With regard to the increase in Railway freight the Committee protested that as such an increase was made last year the Railways were not justified in effecting another increase after so short an interval. Mr. Innes in reply said, that as the existing rates were unremunerative and in some instances involved actual losses, the Railways were forced to reconsider the question of revision of rates. With regard to the general wagon position Mr. Innes said that though the position had considerably improved there was a shortage of 500 wagons still. With regard to the export of coal Mr. Innes asked the Committee whether they agreed with the Bengal Chamber of Commerce that its export to foreign Ports should be prohibited, even including ports near the vicinity of India. The Committee replied in the affirmative. Mr. Innes asked whether it would be fair and reasonable to starve these ports all of a sudden without giving adequate notice. He further said that at least three months' notice was necessary. The Committee while admitting the plea of notice said that one month's notice was quite enough. With regard to the Bunker coal, Mr. Innes remarked that under the present system steamers were not allowed to carry coal in such a quantity as could last them beyond Aden and for a period of some 2 or 3 days more. With regard to the constitution of the Advisory Committee the Committee wanted to know the details and suggested that the Calcutta element need not pre-ponderate. Mr. Innes assured the Committee that the Bombay element would be adequately represented upon the Committee. With regard to the Extra Supply system Mr. Innes said that it was under contemplation of the Government of India. After the President had thanked Mr. Innes for the interview accorded by him to the Committee the meeting dispersed.

APPENDIX XVI.

Interview with the Hon'ble Mr. A. C. Chatterjee of the Board of Industries and Munitions.

After the termination of the interview with Mr. Innes, the Committee met the Hon'ble Mr. Chatterjee, of the Board of Industries and Munitions, on Friday, the 10th December 1920, at 2 p. m. to discuss with him certain questions relating to his Department. After welcoming him Mr. Hansraj Pragjee Thakersey, the Vice-President of the Chamber, delivered the following speech :—

Mr. Chatterjee,

I have much pleasure, on behalf of my Committee, to welcome you at our meeting to-day in accordance with what may now be called the time-honoured custom, of interview between the Committee of this Chamber and officials of the Government of India.

The first question to which I should like to draw your attention, on behalf of my Committee is the Khapoli Tail Water concessions.

I need not go into details here, as this whole correspondence carried on by my Committee with the Provincial Government and the Government of India gives all salient points and contentions of my Committee. I may be allowed, however, just to place a summary of our objections before you to justify the contentions of my Committee of the granting of the said 'monopoly' by the Government of Bombay which will have the effect of rudely shaking the confidence of the public in the determination of the Government to inaugurate the State help and particularly in the industrial growth of the country.

(a) No private Company shall have such enormous powers over water like these.

(b) Even if it is desirable to give such powers to any private Company, it should have its powers limited like other public utility companies by making it obligatory on it, to :—

(1) charge same price to all consumers for the same kind of supply,

(2) grant applications according to priority of same.

There should be a limit of price for water which the company may not exceed in any case.

The company should not be in a position to stifle competition by refusing water to competitors simply because they are competitors. This places it in the position of filching other peoples' schemes by claiming it has a similar scheme of its own.

The consideration for the price of water should apply to the price of land too.

If Government deems it necessary that the Company may refuse water to competing firms on the ground that otherwise this company cannot venture to start industries of its own such protection should extend to a reasonable period, say 10 years, and not to the full period of the license. Thus for instance, a woollen mill should not be refused waters, etc. on the ground of competition if their own mill is already established there for 10 years, because an industry that cannot establish itself even with a protection for 10 years, is not worth protection.

Again the object of such protection being the introduction of new industries into this country, Messrs. Graham & Co. should have no such protection where the industry they propose to establish at the tail waters is one already established in this country.

The Andhra waters will fall beyond the Khapoli area proper. They will form another big body of water. That already granted to Graham is very big as it is and Andhra should in any event be excluded from their license.

The second question to which my Committee would like to refer is the question of Chemical Services.

Long before the letter of the Government of India of 6th September, No. I/490-M-1, inviting the views of the Committee on the formation of an All-India Chemical Service was received, my Committee had written to the Government that the Report of the Chemical Services Committee should be placed before the new Councils for an expression of their opinion. The recommendation of an All-India Chemical Services is strongly opposed by so great and distinguished authority as Sir P. C. Ray. In view also of the fact that such evidence as may have been taken on the point has not been published it would be difficult to judge whether such a service is essential and beneficial for the industrial interest of the country.

Last question refers to the practicability or desirability of enforcing a weekly day of rest by legislation, on which my Committee have been asked their opinion recently.

All the offices conducted on western lines and even many more have got Sunday as weekly day of rest. But with regard to different big trades like grain and seeds, piece-goods, pearls and diamonds etc. they have no such weekly day of rest. All of them have, however, stipulated holidays which go upto about 26 per year. The Cotton trade observe Sunday as a holiday. The clerks or mehtas as they are called employed by these traders get the facility of a holiday in their native place during the course of a year for the recuperation of their health. My Committee feel that it will not be advisable to enforce a weekly day of rest by legislation, as they believe, that such a day of rest will be brought about automatically through the course of time and progress of modern ideas and ideals. With these words I again thank you for your giving us this interview."

Mr. Chatterjee in reply said that the Government of India mere in correspondence with the local government in respect of the grant of monopoly of the Khapoli tail waters. He further assured the Committee that he would personally go to the Secretary of the Government of Bombay to see how the matters stood. With regard to the Chemical Services he remarked that with due deference to the dissenting minute of Sir P. C. Ray he would like to say that there was a mass of evidence in favour of the recommendation of the Chemical Services Committee. With regard to the weekly day of rest he requested the Committee to forward their views to the local Government with the least possible delay as the Government of India had to give a brief to their representative at Geneva which in its turn was mainly dependent upon their receiving a reply from the local Government. Mr. Chatterjee then asked the chairman if any of the members present wanted to speak : Mr. C. V. Mehta asked him whether all the points raised by the Committee with regard to the Khapoli tailwaters were duly represented to the Bombay Government. Mr. Chatterjee said that they were. Mr. Chatterjee then asked whether a monopoly of some sort was not necessary. Mr. J. H. Bhabha and Mr. Petit said that no such monopoly was necessary. Mr. Petit then requested Mr. Chatterjee to say if the Government of India were satisfied with the grant of the monopoly by the Bombay Government to Messrs. Graham & Co. Mr. Chatterjee replied that the matter being exclusively under the jurisdiction of the local Government the India Government did not interfere in the matter. Mr. Petit at this stage asked if the contract with Messrs. Graham & Co. could be cancelled. Mr. Chatterji replied that it could be but the company would claim compensation. Mr. Petit replied that in that case he would surely like to have the contract cancelled because that would be a sort of a

lasting monument to the incompetence of the Bombay Government. Mr. C. V. Mehta brought to the notice of Mr. Chatterjee that the conditions to discharge foul water as enumerated in the contract with the company were not at all satisfactory. Mr. Madan while referring to the terms of payment said that there was no clause whatever that when the license would be renewed the terms would be revised. Mr. Chatterjee made a note of all these suggestions put forward by the Committee. After the President had thanked Mr. Chatterjee again, the meeting dispersed.

APPENDIX XVII.

Transmission of pearls and diamonds by Foreign Letter Post to the United States of America.

Bombay, 1st September 1920.

To

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Dear Sir,

I beg to address you as follows with the hope that the Committee of your Chamber will make a proper representation to the Postal Authorities for early and necessary action:—

- (1) Under the Clause 197 of the Indian P. O. Guide the transmission by the Foreign Letter Post of Articles liable to Customs duty, is prohibited.
- (2) The transmission by the Foreign Letter Post of pearls, diamonds and other precious stones to France and England has been allowed by the Indian Post Office, presumably because there is no import Customs duties on these articles in these two countries.
- (3) The transmission by the Foreign Letter Post of the above articles to the U. S. A. has not been allowed so far because they are liable to Customs duty in the U. S. A. and because the U. S. A. Government prohibited their importation by Letter Post.
- (4) The U. S. A. Government have now allowed the importation of pearls, diamonds etc. by Letter Post, provided the package, on the outer cover, is plainly marked "Dutiable, Subject to Examination by United States Customs Officers."

- (5) Under the circumstances it will be a great convenience to the Indian exporters of pearls, diamonds, precious stones etc. to U. S. A. if the Indian Post Office will accept, for transmission by Foreign Registered Letter Post, packages containing pearls and other precious stones and plainly marked on the outer cover "Dutiable, Subject to Examination by United States Customs Officers"; because Letter Post to the U. S. A. takes about 3 weeks less in transit than Parcel Post.

For your information, I am enclosing a circular issued by the American Jewellers Protective Association to their foreign constituents for information and guidance.

This may be forwarded to the Postal Authorities for reference and return.

Yours faithfully,
TARACHAND H. KHANNA.

No. 5212.

T/122. 29th October 1920.

To

The Post Master-General,
BOMBAY.

Sir,

The attention of my Committee has been drawn to the Clause 197 of the Indian Post Office Guide which prohibits the transmission by the Foreign Letter Post of articles liable to Customs Duty. The transmission by a foreign letter post of pearls, diamonds and other precious stones to France and England has been allowed by the Indian Post Office presumably because there are no import Customs duties on these articles in these two countries. The transmission by the foreign letter post of the above articles to the United States of America had not been allowed however so far because they were liable to Customs Duty in the United States and because the United States Government prohibited their importation by letter post. The United States Government have now allowed the importation of pearls, diamonds, etc., by letter post, provided the package on the outer cover is plainly marked "Dutiable, subject to examination by United States Customs Officers". My Committee will like to know if under circumstances there is any objection to the exporters of pearls, diamonds and other precious stones, etc., to the United States

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transmitting by Foreign Registered Letter Post packages containing same and plainly marked on the outer cover "Dutiable, subject to examination by United States Customs Officers".

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

Posts and Telegraphs.

No. 55585/Diamonds.

From

The Postmaster-General,

BOMBAY.

To

J. K. MEHTA, ESQUIRE., M.A.,

Secretary,

The Indian Merchants' Chamber and Bureau,

19, Bank Street, Fort, BOMBAY.

Dated Bombay, the 13th Dec. 1920.

Sir,

With reference to your letter No. T/122 dated the 29th October 1920 and in continuation of this office letter No. 55585 dated the 6th November 1920 I have the honour to invite a reference to clause 190 of the Post Office Guide from which it will be seen that the exportation by the Foreign Letter Post of pearls, diamonds and other precious stones to any foreign country is prohibited.

I have the honour to be,

Sir,

Your most obedient servant,

ILLEGIBLE.

For Postmaster General.

T/335.

12th January 1920.

To

The Postmaster-General,
BOMBAY.

Sir,

With reference to your letter of the 13th December 1920, No. 55585-Diamonds, my Committee think that this question can best be discussed by two or three of their representatives with you personally. You will kindly let me know when it will suit you to see the following representatives of my Committee next week :—

1. Mr. Rewashanker Jagjivan.
2. „ Tarachand H. Khanna.
3. „ Surajmal Lallubhai.
4. „ J. K. Mehta.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

Posts and Telegraphs.

No. 55585-Diamonds.

From

THE POSTMASTER GENERAL,
BOMBAY.

To

J. K. MEHTA, Esq., M.A.,
Secretary,

“The Indian Merchants' Chamber & Bureau.”

19, Bank Street, BOMBAY.

Dated Bombay, the 19th January 1921.

Sir,

With reference to your letter No. T335, dated the 12th January 1921, I am desired by the Postmaster-General to say that clause 190 of the

Post Office Guide is based on orders issued by the Government of India and under those orders the transmission of precious stones, jewellery, etc., by the letter post from British India to any country is prohibited. If your Committee still desire that some of their representatives should see the Postmaster-General in the matter, he will be glad to see them on Thursday, the 20th instant, between 2 p. m. and 4 p. m.

I have the honour to be,

Sir,

Your most obedient servant,

ILLEGIBLE.

Personal Assistant to the Postmaster-General.

Post and Telegraphs.

No. 55585-Diamonds.

From

The Postmaster-General,

BOMBAY.

To

The Director General of Posts and Telegraphs,

CALCUTTA.

Dated Bombay, the 28th January 1921.

Sir,

I have the honour to say that the Secretary of the Indian Merchants' Chamber and Bureau, Bombay, represented to me that the Government of the United States of America have now allowed the importation of pearls, diamonds, &c., by letter post, provided the letters bear the words "Dutiable subject to examination by the United States Customs Officers" and requested to be informed whether there was any objection to such letters being accepted for despatch by the foreign letter post for the United States of America. He was informed that in accordance with

clause 190 of the Post Office Guide the transmission of precious stones, jewellery, &c., by the letter post from British India to any country was prohibited. The Indian Merchants' Chamber was not satisfied with the reply and some of the members of the Chamber waited upon me and explained to me that they could not send such articles by official parcel post to the United States, that the semi-official post was suspended and that they were therefore unable to send such articles by any means. They also shewed me a letter from the Jewellers and Precious Stones Association in the United States, from which it appears that the United States Government does allow precious stones to be received by letter post. I informed them that I would address you on the subject and in the meantime I have asked the Presidency Postmaster, Bombay, to issue instructions to accept such letters at the General Post Office itself only at the risk of the senders provided that the letters bear the words

"Dutiable subject to examination by the United States Customs officers".

2. I do not know the circumstances in which the exportation of diamonds and other precious stones by letter post is prohibited by the Government of India. If it is solely because they are dutiable in certain countries, orders may kindly be issued allowing their exportation to the United States of America by letter post as the Administration of that country does not now object to their exportation provided a declaration of the contents is made on the cover. As far as the International Regulations are concerned this appears to be admissible under para. 3 (2) c of Article 16 of the Principal Convention of Rome.

I have the honour to be,

Sir,

Your most obedient servant,

H. A. SAMS,

Postmaster General.

No. 55585/Diamonds.

Copy forwarded to the Secretary, Indian Merchants' Chamber and Bureau, 15, Bank Street, Fort, Bombay, for information.

H. A. SAMS,

Postmaster General.

Bombay, dated the 28th January 1921.

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Posts and Telegraphs.

No. 55585-Diamonds.

From

THE POSTMASTER-GENERAL,
BOMBAY.

To

N. W. VAUGHAN, Esq.,
Presidency Postmaster,
BOMBAY.

Dated Bombay the 21st January 1921.

Sir,

I have the honour to address you regarding posting of diamonds and precious stones by the registered letter post.

2. Some members of the Indian Merchants' Chamber and Bureau who came to see me on the 20th instant pointed out that though the export of these articles by registered letter post is prohibited by clause 190 of the Post Office Guide actually such articles are being sent and are accepted by the Post Office as, for example, articles to France on which the French Government require a green label to be posted showing that the articles are dutiable.

3. The members who came to see me pointed out that they cannot send such articles by official parcel post to the United States, and they say that the semi-official post has been suspended. They are therefore unable to send them by any means. They also showed me a letter from the Jewellers and Precious Stones Association in the United States, from which it appears that the United States Government does allow precious stones to be received by letter post. They pointed out that in any case the prohibiting clause is practically a dead letter and that in any case the risk is theirs.

4. I am addressing the Director General on the subject. In the meantime I see no objection to such letters being accepted and I shall be much obliged if you will kindly issue instructions to your Foreign Registration Department that such letters should be accepted at the General Post Office only at the risk of the senders. Such letters will usually bear the words 'Dutiable subject to examination by the United States Customs Officers.'

5. Kindly send me a copy of the orders issued by you and also please send a copy to the Secretary, Indian Merchants' Chamber and Bureau.

I have, etc.,
(Sd.) H. A. SAMS,
Postmaster General.

No. 55585-Diamonds.

Copy forwarded to the Secretary, Indian Merchants' Chamber and Bureau.

H. A. SAMS,
Postmaster General.

Bombay, dated the 21st January 1921.

POST OFFICE.

No. 37508-20.

From

N. W. VAUGHAN, Esqr.,
Presidency Post Master,
BOMBAY.

To

THE SECRETARY,
Indian Merchants' Chamber and Bureau,
FORT, BOMBAY.

Dated Bombay, the 25th January 1921.

Sir,

In connection with the interview some of the members of the Indian Merchants' Chamber and Bureau had with the Postmaster-General, Bombay, on the 20th current, I have the honour to enclose for information a copy of the orders issued by me on the subject.

I have, etc.,
N. W. VAUGHAN,
Presidency Postmaster.

G. O. No. 161.

Bombay, dated 25th January 1921.

The question of withdrawing the prohibition of exporting diamonds and precious stones by letter-post to the U. S. A. has been referred by the Postmaster-General, Bombay, to the Director-General, Posts and Telegraphs, India. Until final orders are received on the subject from the Government of India through the Director-General, letter packets, for the U. S. A. containing diamonds and precious stones, will be accepted only at the Bombay G. P. O. at the risk of the senders, provided such letter-packets bear on the wrapper the following words "Dutiable subject to examination by the United States Customs Officers."

Copy to—

- (1) All Group Officers.
- (2) Superintendents North & South.
- (3) Head Clerks, Foreign Registration, Foreign Post Departments, G. P. O.

N. W. VAUGHAN,
Presidency Postmaster.

T420.

27th January 1921.

To

THE PRESIDENCY POSTMASTER,
BOMBAY.

Dear Sir,

I have to acknowledge the receipt of and to thank you for your letter dated 25th inst. No. 37508-20 enclosing for the information of the Chamber a copy of the Orders issued by you on the subject of transmission of diamonds and precious stones by letter post to the United States of America.

Yours faithfully,
J. K. MEHTA,
Secretary.

POST OFFICE.

No. 37508-20.

From

N. W. VAUGHAN, Esqr., J. P.

Presidency Post Master,

BOMBAY.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

19, Bank Street, Fort, BOMBAY.

Dated Bombay, the 8th February 1921.

Sir,

With reference to the correspondence ending with your letter No. T/420, dated the 27th January 1921, I have the honour to append, for your information, a copy of the telegram dated 5th February 1921 received from the Director-General on the subject and to state that in the circumstances stated therein, diamonds and precious stones will not be accepted for despatch by the letter post to the United States of America.

I have, etc.,

N. W. VAUGHAN,

Presidency Postmaster.

Copy of a Telegram coded OK dated 5th February 1921 from the D. G. to the P. M. G., Bombay.

55585/Diamonds/28 ultimo. Articles in question should not be accepted for transmission in letters superscribed in manner indicated as this is opposed to Union Rules and our Regulations. AAA Decision already communicated to United States Post Office.

T 525.

18th February 1921.

From

J. K. MEHTA, Esqr., M. A.,

Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

To

The Director General of Posts and Telegraphs,

CALCUTTA.

Sir,

The attention of my Committee was drawn to Clause 197 of the Indian Post Office Guide which prohibited the transmission by the Foreign Letter Post of articles liable to Customs duty. The transmission by the Foreign Letter Post of pearls, diamonds and other precious stones was not allowed to the United States of America, because those articles were liable to Customs duty in that country. Very lately, however, the U. S. A. Government have allowed the importation of these articles by letter post provided the packages on the outer cover were plainly marked "Dutiable, subject to examination by the United States Customs Officers." In view of this change in the United States of America Customs Regulations my Committee were approached with a request to write to the Postal authorities here to introduce a corresponding change in the Post Office Guide and to allow the transmission of the said articles to the United States of America by Foreign Letter Post with the restrictions noted above. In reply to the Committee's letter to the Postmaster-General, Bombay, in this matter he referred them to Clause 190 of the Post Office Guide which prohibited the exportation by the Foreign Letter Post of pearls, diamonds, etc., to any foreign country. On enquiry, however, my Committee learnt that the transmission of these articles by foreign letter post was allowed to France and England. With a view to fully discuss the whole case personally some of the representatives of my Committee interviewed the Postmaster-General, Bombay, and as a result of the interview he was kind enough to issue a provisional order until final orders were received on the subject through you from the Government of India that packages for the United States of America containing diamonds

and other precious stones would be accepted only at the Bombay General Post Office at the risk of the sender provided such letter packets bore on the wrapper the words "Dutiable subject to examination by the United States Customs Officers." The Presidency Postmaster in his letter No. 37508/20, dated the 8th February 1921, however informs the Committee that as his provisional orders are cancelled by you, diamonds, precious stones, etc., will not be accepted for despatch by the letter Post to the United States of America. In this connection my Committee would like to point out that under existing arrangements there are two services for transmission of the said articles to the United States, namely, the official service and the semi-official service. The first service cannot be utilised as the articles in question are precious ones, while the second form of service has been temporarily suspended by the Department. Thus you will realise that the merchants desiring to transmit pearls and diamonds to the United States are absolutely helpless.

My Committee will feel obliged if after going into the details of the case you will reconsider your decision and confirm the provisional order issued by the Presidency Postmaster.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

T/542.

24th February 1921.

Telegram.

To

The Director-General of Posts and Telegraphs,

CALCUTTA.

"Early reply to my letter dated eighteenth February regarding transmission by Foreign letter Posts of pearls, etc., solicited. Your previous decision amounts to absolute embargo on export of said articles though they are not on exports prohibition list. Export trade of pearls etcetera

by post to America in a deadlock. Please cancel previous orders or show means whereby export by post is possible. Wire reply.

MEHTA,

Secretary,

Indian Merchants' Chamber.

POST OFFICE.

No. 37508/20.

From

The Presidency Postmaster,

BOMBAY.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

19, Bank Street, Fort,

BOMBAY.

Dated Bombay, the 16th March 1921.

Sir,

I have just received orders from the Director-General of Posts and Telegraphs, India, through the Postmaster-General, Bombay, that precious stones including pearls and diamonds may be accepted for despatch by letter-post to the United States of America as a tentative measure. Packets containing these articles will therefore be accepted at the Bombay G. P. O. with immediate effect provided the words "Dutiable subject Denomination by the United States Customs Officers" are superscribed in the corner of the packets.

I have, etc.

N. W. VAUGHAN,

Presidency Postmaster.

APPENDIX XVIII.

*Delay on the part of the Bombay Telephone Company in granting
telephone connections to the Public.*

T/396.

Dated the 21st January 1921.

To

The Secretary,

Messrs. The Bombay Telephone Co., Ltd.,

BOMBAY.

Dear Sir,

The attention of the Committee of this Chamber has been drawn to the long period which elapses before an applicant for a telephone connection gets it. One year is said to be the normal period for such a connection being given, while in a large number of cases a period of even two years is said to be not unusual. My Committee need not bring to the attention of your Directors the rapidly expanding commercial and industrial life of this city as a result of which a great want is felt for telephone, which may be said to be one of the arms of commerce. In fact such a delay serves to retard the natural development of trade and industry. My Committee realise that difficulties in the way of obtaining the required stores may be one of the factors of delay but will like to be informed by your Board of the exact reasons which prevent a rapid distribution of connections to the applicants. My Committee also have received several complaints to the effect that connections are given not in the order of applications, allegations the truth of which they cannot ascertain. They, however, bring these allegations to your notice as the Telephone Company is, like Railways and Posts and Telegraphs, a public concern, with a hope that your Board will kindly make inquiries and furnish a statement how all the applications are disposed of and mentioning whether the principle of priority alone is observed or whether any other considerations are taken into account, in disposing of applications.

The second complaint to which my Committee will like to draw the attention of your Board is the present irregular service of the Telephone Company. Very long time is said to be taken by the operators in giving the required Telephone number and in a large number of cases the usual

reply one gets from a telephone operator is either "engaged" or "no reply." The connection is taken off in the middle of the conversation without any notice and no heed is paid to any remonstrance one may choose to make. My Committee are given to understand from reliable quarters that want of courtesy is one of the unfortunate characteristics of Telephone operators. My Committee are aware that you have provided for all such faults of telephone operators by the direction that in such cases one must ring up No. 210, but it is the sad experience of even several members of the Committee that this number is generally not given, and complaint has to be made by letter. My Committee hope that your Board will be pleased to institute a system of strict and regular supervision to eliminate all such faults in the service, which have tended to rob it of its popularity and to lessen its utility to the commercial world.

My Committee are also informed that an inordinate delay is taken in repairs and hope that in this case as in the other cases referred to above your Board will be kind enough to institute thorough enquiries and try to make the Telephone service efficient and satisfactory as it should be in a commercial city like Bombay.

Yours faithfully,

J. K. MEHTA,
Secretary.

Bombay, 11th March 1921.

To

The Secretary,

Indian Merchants' Chamber & Bureau,

19, Bank Street,

BOMBAY.

Dear Sir,

Your letter dated the 21st January 1921 was placed before the Board and we beg to inform you that the Company's Directors have given careful consideration to the points mentioned therein.

The Company has been making every effort to install new telephones as fast as circumstances permit, and the Board regret to state that it is impossible to make the connections with greater rapidity.

Of recent years the demand on the Company has been extremely heavy, and this has been made at a time when material is most difficult to obtain.

The labour problem has been keenly felt by the Company and presents peculiar difficulties, particularly regarding the question of operators.

Notwithstanding these difficulties the Company has been able to make 1,426 new connections during the year 1920 and this number greatly exceeds the number of connections made in any one previous year during the Company's existence. Material for additional 3,000 lines has been ordered the delivery of which has been promised by October next.

Applications are, as far as it is possible, dealt with in the order received. However, as this system presented certain difficulties of a technical character, the Company in June last was obliged to publish a notice in the Press explaining its inability to connect telephones according to the absolute priority of the dates of applications. A copy of the notice is enclosed herewith for the information of your Committee.

The Board give preference in the following cases or every case being decided by the Board on its own merit :—

1. Work of National importance.
2. Doctors and Nurses.
3. Public Institutions.
4. Public Utility Companies.

With reference to your remarks regarding the "Service" in general, we beg to state that this question was recently thoroughly investigated. The two main points of complaints are—

1. Lack of prompt attention given to calls,
2. Frequent interruptions during conversations.

With regard to the first, we beg to point out that the calling rate, viz. the total number of calls made daily in Bombay is one of the heaviest in the world and has often been commented upon by telephone experts in England. Therefore the strain on operators in Bombay is as great if not greater than in European Cities.

In the second place the staff available is limited both in number and ability. Every attempt has been made to increase the personnel so as to ease the strain on individual operators with a view to secure greater efficiency. Salaries have been increased and other advantages conceded so as to obtain the most intelligent and efficient operating staff, but the difficulty of securing an adequate supply still remains. The Company is taking special steps to improve the supervision of operators and systematic tests are being carried out with a view to taking such action as is desirable with less efficient operators.

In the third place, when comparing the conditions in Bombay with European countries the fact must be borne in mind that the inexperience of the users of the telephone, especially in the bazars, during the busy hours, is accountable for a less favourable speed of answer on the part of the operators and a consequent delay to other Subscribers.

With regard to the second point, *i.e.*, frequent interruptions during conversations, these may be due to carelessness on the part of the operators, but we venture to think that it may also be largely due to the fact that the Company's system is in a state of transition, owing to the introduction of double supervisory signals. This change would have been completed some years ago but for delay in delivery of the necessary apparatus. The double supervisory system will do away with the necessity for ringing off, as with it the replacing of the hand microphones on the instruments enables the operator to see when a conversation is finished. It will remedy what is a frequent cause of trouble, namely, the omission on the part of Subscribers to give the ringing off signal at the end of a conversation, with the result that the operator is unable to ascertain if the line is disengaged without speaking on the line.

With a view to meeting the public as far as possible, a new Complaints Department has been set up under a separate Manager whose entire time will be devoted to sifting complaints and giving Subscribers explanations, where possible, of the causes of their complaints. He will also follow up any complaint and trace it down to the personnel or instrument at fault, and the necessary remedy will be then applied.

Any want of courtesy on the part of an operator is greatly regretted by the Board. The management has been very keen on insisting on strict discipline and politeness to be observed, when dealing with the Subscribers, and the Company's record will furnish ample proof that everything possible is promptly done to put a stop to discourtesy on the part of the operators by meting out exemplary punishments to the offenders.

The operators have been frequently cautioned that they are liable to dismissal for refusing to connect 220, and this disciplinary measure is brought into practice in cases of such refusal, and the Company is prepared to give prompt consideration to any specific instances brought to its notice.

Regarding the last paragraph of your letter, the Company, with a view to secure greater efficiency and promptness in repairs, has constantly increased the scale of salaries for capable Telephone Inspectors. However, the Company has generally experienced much difficulty in this connection.

Under the circumstances, we hope your Committee will be convinced that nothing is lacking on the part of the Board or the management, in their efforts to cope with the demand of the public, as well as to secure an efficient and satisfactory service. We beg to assure your Committee that it has always been the Company's principle to give minimum cause for complaints of any nature, by resorting to all possible means at their disposal.

Yours faithfully,
C. ROBINSON,
Manager & Secretary.

(Notice referred to in the previous letter).

Advocate of India of 5th & 7th June 1920.

BOMBAY TELEPHONE COMPANY, LIMITED.

The Public is hereby notified that on account of the absence of spare underground cable wires in some districts of Bombay, it is impossible to connect in the roster order of priority the actual first applications registered in the Company's books.

In those districts, therefore, where the underground cables permit of new installations being made, the oldest applications are being dealt with.

The Company begs to assure the Public everything possible is being done in the matter of extending the Telephone System, in order to connect all outstanding applications as early as possible. Applications which are being unavoidably passed over at present, will retain their priority for

connection when the Company is able to install new lines in the districts for which such applications are registered.

W. A. C. BROMHAM,

Acting Manager & Secretary.

Bombay, 4th June 1925.

APPENDIX XIX.

*Resignation of the Hon. Mr. C. V. Mehta from the membership
of the Committee of the Chamber.*

5th January 1921.

To

The Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

Dear Sir,

I beg to resign my seat on the Committee of the Chamber. I beg to thank you and all the members for the kindly consideration they have always shown me.

I also beg to resign from the Advisory Committee of the Director of Industries and the Committee of Technical Instructions where I had the honour to be elected by the Chamber.

I am also sending in my resignation to the Director of Industries.

Yours faithfully,

CHUNILAL V. MEHTA.

T372.

17th January 1921.

To

The Honourable Mr. C. V. MEHTA,

Minister to the Government of Bombay,

BOMBAY.

Dear Sir,

Your resignation of the 5th instant of membership of the Committee of this Chamber was placed before the Committee at their meeting held

on the 11th instant. They take this opportunity to congratulate you most heartily on your appointment as Minister to the Government of Bombay. They consider it a privilege and an honour that a representative of this Chamber should be nominated as a minister.

While thus congratulating you, my Committee direct me to express their feelings of the deepest regret at the severance, temporary though it is, of your active connection with the Committee through this appointment. During your long association with this Chamber you have rendered great and valuable services to it in your capacity as member of the Committee, as Vice-Chairman, as Chairman, and as their representative on the Board of Industries. My Committee hope that in your new position of trust and responsibility you will continue to take the same interest in the welfare and development of this Chamber.

Yours faithfully,

J. K. MEHTA.

Secretary.

20th January 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Dear Sir,

I beg to thank you for your letter of the 17th instant, and for the very kind sentiments expressed by the Committee of the Chamber. As a representative of the Chamber and having been so long connected with it, I can only say that I will do my best to look after the interests of the Chamber.

Yours faithfully,

CHUNILAL V. MEHTA.

Bombay, the 5th January 1921.

To

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

Dear Sir,

I invite your attention to the fact that the representative of the Indian Merchants' Chamber and Bureau on the Advisory Committee of the Director of Industries, the Hon'ble Mr. Chunilal V. Mehta, has become a member of the Government of Bombay, and that it will be necessary for the Indian Merchants' Chamber and Bureau to appoint another representative in his stead. When a new representative has been selected by your Chamber, will you kindly inform me, so that I may report his name to Government for their information?

Yours faithfully;

R. D. BELL,

Director of Industries.

T/342.

12th January 1921.

To

R. D. BELL, Esq., C.I.E., I.C.S.,

Director of Industries,

BOMBAY.

Dear Sir,

With reference to your letter of the 6th instant No. B. 312-93, I am directed to inform you that my Committee have nominated Mr. Lalji Naranji, Chairman of this Chamber, as representative of the Chamber on the Advisory Committee of the Director of Industries.

Yours faithfully,

J. K. MEHTA,

Secretary.

T/340.

12th January 1921.

To

The Secretary to the Government of Bombay,
Department of Education,
BOMBAY.

Sir,

With reference to your letter of the 19th October 1920, No. 4446, and in continuation of my letter of the 27th October 1920, No. T/105, I am directed to inform you that consequent on the Hon. Mr. Chunilal V. Mehta's sending in his resignation my Committee have nominated Mr. Kapilram H. Vakil, M.Sc., Tech. (Manch.), F.I.C., F.C.S., of Messrs. Tata Sons & Co., Ltd., on the Committee to draw up a comprehensive scheme for Technical and Industrial Education in the Bombay Presidency.

I beg to remain, etc.,

J. K. MEHTA,
Secretary.

APPENDIX XX.

Increase in Rates for the Carriage of Coal.

No. 345 T-16.

Dated the 23rd of November 1920.

To

THE SECRETARY,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

With reference to the correspondence ending with Railway Board's letter No. 345 T-16, dated 23rd January 1920, I am directed to state that owing to the continued increase in the cost of working, consequent on further rises in wages and price of materials, Railways have again been forced to consider the question of rates charged for the carriage of coal, the existing rates being unremunerative and in some instances involving actual loss,

2. After careful consideration the Government of India have approved of the introduction of the following revised scale for the carriage of public coal with effect from the 1st April 1921 :—

Miles.	Per maund per mile.
	Pie.
1-200.	0-15.
plus for 201—300-0-13	
„ for 301—700-0-07	
„ for 701 and beyond 0-06	

3. I am to enclose for information statement showing a few specific examples of the effect of the new scale.

I have, etc.,
H. L. COLE,
Secretary, Railway Board.

Calculated rates from Jherriah for public coal.

Station to	Rate per ton.	
	from 1-4-20.	Proposed.
	Rs.	Rs.
Howrah	3 8 0	3 13 0
Cawnpore	6 6 0	7 15 0
Delhi	8 8 0	10 8 0
Amritsar	10 3 0	12 10 0
Lahore	10 8 0	12 14 0
Karachi City	13 14 0	16 11 0
Ahmedabad	11 5 0	14 0 0
Bombay	12 12 0	15 10 0
Madras	11 7 0	13 13 0

INDIAN MERCHANTS' CHAMBER AND BUREAU, III.

3rd January 1921.

T/298.

To

The Secretary, Railway Board,
BOMBAY.

Sir,

With reference to your letter of the 23rd November 1920, No. 345 T/16, my Committee deeply regret to note that the Government of India are again contemplating an increase in the rates for the carriage of Coal with effect from the 1st April 1921.

My Committee beg to draw your attention to the fact that there was a slight enhancement in coal rates in 1916 and a fairly heavy enhancement in 1920. The proposed increase therefore coming as it does so soon after the 1920 increase will be felt to be an unjust and unduly heavy burden by the trade and industries. It is one of the essential raw materials and an enhancement in its carriage rates means a serious handicap and retarding factor to the industries in general. My Committee beg therefore to protest most strongly against the proposed increase and to request the Government of India not to sanction any further increase. In this connection my Committee will be much obliged if you will kindly inform them if increases have been made in the carriage of any principal articles of import and export and if so in case of which articles. It was observed in paragraph 4 of the accompaniment to the letter from the Secretary, Railway Board, dated the 23rd January 1920, No. 345 T/16, that coal was not the only commodity that had been singled out for enhancement of rates, in order to meet the increased working costs. Information on this point will be welcome.

I beg, etc.,
J. K. MEHTA,
Secretary.

ANNUAL REPORT OF THE

No. 345 T/16.

Dated Delhi, the 10th of January 1921.

To

The Secretary, Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

In acknowledging the receipt of your letter No. T. 298, dated the 3rd January 1921, on the subject of enhancement of rates for coal, I am directed to suggest your addressing Railways direct for the information you desire regarding increases which have been made in the rates for other commodities.

I have, etc.,

S. D. MANSON,

Asstt. Secretary, Railway Board.

T/324.

21st January 1921.

To

The Secretary, the Railway Board,

DELHI.

Sir,

I am directed to acknowledge receipt of your letter of the 10th instant No. 345 T/16. My Committee note with regret and surprise that they are advised to address railways direct for the information required by them regarding increases which have been made in the rates for commodities other than coal. In the letter they addressed to you dated the 3rd instant No. T/298 they referred you to your letter dated the 23rd January of 1920 No. 545 T/16 wherein it was mentioned that coal was not the only commodity which was singled out for the increase of rates. My Committee were therefore naturally led to ask which were the commodities selected for the same purpose. My Committee presume that the Railway Board is the most likely Department to have information required by them, specially as increases in rates for commodities must be being referred to them by railways concerned before they are put into

actual operation. It would be a long and winding course for my Committee to refer to each of the railways for this information, and will, it is feared, take a very long time. I am, therefore, directed again to request you to be kind enough to send the information desired in my letter of the 3rd instant, No. T/298. The Railway Board can get this information much more easily than my Committee even if it has not got it at present.

I beg, etc,
J. K. MEHTA,
Secretary.

No. 345 T/16.

Dated Delhi, the 9th of February 1921.

To

The Secretary,
The Indian Merchants' Chamber & Bureau,
BOMBAY.

Sir,

In acknowledging the receipt of your letter No. T-394, dated the 21st January 1921, I am directed to explain that Railways do not require to obtain the sanction of Government to variations of rates within the prescribed maxima and minima and the Railway Board regret they are unable to undertake the collection and distribution of information of the nature required by your Committee, which is published by Railways in their rate circulars and tariffs for the information of the public.

I have, etc.,
S. D. MANSON,
Assistant Secretary, Railway Board.

T/528.

18th February 1921.

To

The Secretary, The Indian Railway Committee,
Poste Restante, LAHORE.

Sir,

With reference to part 2 of the Questionnaire issued by the Indian Railway Committee, namely, the Railway Board and the Government control, I am directed by my Committee to bring to your notice an instance which shows how indifferently the matters referred to the Railway Board are being disposed of by them. In reply to the Government of India's letter No. 345-T/16, dated 23rd November 1920, relating to the proposed increase in rates for the carriage of coal, my Committee protested against the increase as it came soon after an increase which was recently made in the year 1920. In this connection, my Committee also desired to know if increases had been made in the carriage of any principal articles of import and export and if so, in case of which articles. In reply to this, the Railway Board in their letter No. 345-T/16, dated the 10th January 1921 observed that for the increases which might have been made by various Railways in the rates for other commodities, the Committee might refer to the Railways themselves. My Committee were naturally surprised to receive such a reply from the Railway Board and again requested them to be kind enough to send the information desired as it could more easily be collected by them even if they had not got ready information on the point. In spite of this request on the part of the Committee, the Railway Board informed the Committee in their letter No. 345-T/16, dated the 9th February 1921, that as Railways did not require to obtain the sanction of the Government to the variations of rates within the prescribed maxima and minima the Railway Board regretted that they were unable to undertake the collection and distribution of information of the nature required by the Committee. My Committee were asked to collect the information from the rate-circulars and tariffs published by the Railways for the information of the public from time to time. My Committee need scarcely say that these replies of the Railway Board are not at all satisfactory.

I beg, etc.,
J. K. MEHTA,
Secretary.

APPENDIX XXI.

Amendment of the Negotiable Instruments Act.

No. H.-5.

Financial Department,
Secretariat, Fort, BOMBAY.

Dated the 3rd December 1920.

To

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

Subject:—Certain amendments to the Negotiable Instruments Act, XXVI of 1881.

Sir,

I am directed to forward copies of the letter No. 8042, dated 16th November 1920, from the Government of India and its accompaniments, on the subject mentioned above, and to request that the Government of Bombay may be favoured with the opinion of your Chamber by 21st December 1920.

I have, etc.,

H. V. BRAHAM,

Under Secretary to the Government of Bombay,
Financial Department.

Accompaniments —

Copies of the letter from the Government of India, No. 8042, dated 16th November 1920, and its accompaniments.

No. 8042.

Government of India.

DEPARTMENT OF COMMERCE.

DELHI, the 16th November 1920.

To

The Chief Secretary to the Government of Bombay.

Sir,

I am directed to address you on the subject of certain amendments to the Negotiable Instruments Act, XXVI of 1881, which were suggested

by certain bodies when the question of amending the Act on the lines of section 46(1) of the English Bills of Exchange Act, 1882, was referred to local Governments and Administrations in the letter from this Department No. 1130-D., dated the 11th February 1920.

2. I am to enclose extracts from the letters cited in the margin which contain the proposed

(a) Extract paragraphs 3-7 of letter from the Bengal Chamber of Commerce No. 1282-1920, dated the 19th April 1920.

(b) Extract of paragraph 3 of letter from the Upper India Chamber of Commerce No. 7803, dated the 17th April 1920.

(c) Extract paragraphs 3-4 of letter from the Government of Madras No. 438, dated the 6th May 1920.

amendments and to request that, if His Excellency the Governor in Council has no objection, the Chamber of Commerce may be consulted as to the necessity for the suggested amendments and their views may be communicated to the Government of India, together

with the opinion of the local Government at a date not later than the 15th January 1921.

I have, etc.,

(Sd.) E. ROGERS,

For Deputy Secretary to the

Government of India.

No. 8043.

A copy is forwarded to the Director General of Commercial Intelligence and to the Indian Trade Commissioner, London.

Extract from letter No. 1282-1920, dated Calcutta, the 19th April 1920, from H. M. Haywood, Esquire, Secretary, Bengal Chamber of Commerce, to the Secretary to the Government of Bengal, Commerce Department.

3. They desire, however, to go further and to submit, for the consideration of Government, a proposal for an additional amendment of the chapter. It has been brought to their notice that the limit of time imposed by the Act for obtaining acceptance causes considerable inconvenience

and hardship. In particular, banks frequently have cause to complain that, in dealing with small Indian traders, it is very often exceedingly difficult to obtain acceptance of bills even within forty-eight hours, apart from the trouble which is experienced in tracing petty dealers in the first instance.

4. Under the Bills of Exchange Act (section 42) the time allowed is customary time, and the effect of such a provision with regard to trade bills seems to be this : if a bill left for acceptance within business hours one day is not accepted before the close of business hours on the next day, it must be noted for non-acceptance or otherwise treated as dishonoured. The Indian Law does not make any distinction between trade bills and other bills, but fixes a definite period of twenty-four hours in all cases. Presumably the legislature, in framing the Act, was guided largely by the custom and practice of English trading communities, among whom of course the twenty-four hour rule had been established. But the conditions in India are so obviously dissimilar that it seems impracticable to enforce a rule, which was not based on any prevalent custom, and which has proved in working to be unsuitable to this country.

5. An undue extension of time is naturally out of the question and contrary to the principle of the Act, having regard to the intervening rights of third parties. But the Committee submit that the consideration should be given to the conditions and customs prevailing among the community at large. It cannot be, they think, expected that a people deliberative by nature will, in the course of a few years, acquire the swifter and more machine-like methods of the West. And it is, as a matter of fact, found in experience, and naturally so, that traders here will not be brought to see the urgency of an immediate acceptance.

6. If it is found, as a matter of common experience, that acceptance cannot be obtained within the period now limited, it is suggested that the limit should be extended to conform to the customs and requirements of the locality, in which the generality of traders themselves concur. In other words, it has to be considered whether it is practicable to attempt to enforce by law a custom which a considerable portion of the community does not regard either as convenient or as binding upon themselves, or

other members. As matters stand, the banks, though probably aware in a large number of instances that bills will be accepted, provided the drawees are given sufficient time for deliberation, have no option nor alternative but to treat the instruments as dishonoured at the expiration of twenty-four hours, and to give the necessary notices.

7. The Committee believe that, if the opinion of other communities in India were to be sought, practically all would be found to concur in the foregoing views. They respectfully urge, therefore, at the instance of the Calcutta banks, that a further amendment be brought forward for consideration, namely, for the extension of the time within which bills are to be accepted after presentation, from twenty-four hours to forty-eight hours, or for such further, or other, period as may be deemed advisable or practicable.

Extract from letter No. 7803, dated the 17th April 1920, from the Secretary, United Provinces Chamber of Commerce, Cawnpore, to the Secretary to Government, United Provinces, Financial Department, Allahabad.

3. While on this subject, my committee would draw the attention of Government to the difficulties experienced by the holders of Bills, the drawees of which are non-business men residing in not easily accessible towns or cities but in small villages of the mofussil. When presentment is made in such cases through the post, it sometimes happens that a bill gets lost in transmission or else the drawee denies having received it. This results in great inconvenience to the holders. My Committee would suggest that some such provision should be made in the Act that a demand accompanied or followed by a copy of the bill on or before the due date should be considered equivalent to the presentment of the actual Bill for the purpose of the Act.

Extract from a letter from the Hon'ble Mr. R. A. Graham, I. C. S., Acting Chief Secretary to the Government of Madras, Financial Department, to the Secretary to the Government of India, Department of Commerce, Simla, No. 438. dated Stonehouse Hill, the 6th May 1920.

3. The Secretary and Treasurer, Bank of Madras, and the Chamber of Commerce, Madras, suggest that the amendment should cover also

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cases of delays in presentment of bills for acceptance, presumably on the lines of section 41 (2) of the Bills of Exchange Act, 1882.

4. His Excellency the Governor in Council is of opinion that the proposed amendment is desirable and commends the proposal in paragraph 3 above for the consideration of the Government of India.

True Copy.

(Sd.) ILLEGIBLE,

Superintendent,

Department of Commerce.

T. 299.

4th January 1921.

To

The Under Secretary to the Government of Bombay,

Financial Department,

BOMBAY.

Sir,

With reference to your letter No. H.-6, dated 3rd December 1920, I am directed by my Committee to say that they approve of the recommendation of the Bengal Chamber of Commerce, namely, that the present time-limit for acceptance of a Bill of Exchange after presentation should be extended from 24 hours to 48 hours.

I beg, etc.,

J. K. MEHTA,

Secretary.

APPENDIX XXII.

Suspension of Money Order Service from India to Kenya Colony, East Africa and Uganda Protectorates.

No. 491.

Bombay, 19th January 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

We sent the following Money Orders from here to Mombasa, on the dates and to the parties, as mentioned below :—

On 12-10-20, 70 Money Orders of Rs. 600 each, total Rs. 42,000 payable to the National Bank of India, Ltd.

„ 14-10-20, 23 Money Orders of Rs. 600/- each, total Rs. 13,800/- payable to Messrs. Haji Jivraj Meghjee & Sons.

„ 14-10-20, 17 Money Orders of Rs. 600/- each, total Rs. 10,200/- payable to Mr. Gulamally Laduk Meghjee.

After remitting the above M. Os., we informed the parties concerned accordingly, but to our surprise, in their letters of the 6th November (as per copy herewith enclosed of one, from the National Bank of India, Ltd.) and the subsequent letters received by us, they inform us that the Postal Authorities at Mombasa have refused to make payment of the said M. Os.

As nearly three months have passed and still the Authorities are withholding payment, and as we do not see our way how to recover the amount for our Constituents, we now approach your goodself with the view that you will be good enough to submit this letter before our Chamber's Committee in their next meeting, and request them to communicate with the proper authorities, so that our Constituents may be in a position to obtain their money there.

An early attention will oblige.

Yours faithfully,

CURRIMBHOY LALLJEE SAJUN & Co.

True Copy.

NATIONAL BANK OF INDIA, LIMITED.

Mombasa, 6th November 1920.

Messrs, Currimbhoy Lalljee Sajun & Co.,

Carnac Bunder,

BOMBAY, 3.

Dear Sirs,

We beg to acknowledge the receipt of your favour of the 20th ultimo advising that you have sent 70 Money Orders of Rs. 600 each, total Rs. 42,000 and in reply we beg to state that the Post Office has upto the present refused to pay the above Money Orders.

Kindly instruct us.

Yours faithfully,

(Sd.) MANAGER.

Bombay, 25th January 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Dear Sir,

Re Mombasa Money Orders.

We have received from the National Bank of India Ltd.'s Mombasa branch a copy of a letter received by them from the Postmaster General of Nairobi (in reply to theirs), which we enclose herewith for the information of our Chamber's Committee.

You will see from the above copy letter, that, once the Post Office in India accepted the Money Orders, it is very extraordinary that the Nairobi

Postmaster should refuse payment alleging the acceptance of such Money Orders as an abuse of the Money Order arrangement with the Government of India.

We request you to put this letter at our committee's meeting and to do the needful in the matter.

Yours faithfully.

CURRIMBHOY LALLJEE SAJUN' & Co.

Copy.

Office of the Postmaster General,

Post Box No. 311.

Nairobi, 10th December 1920.

Sir,

Payment of Money Orders.

With reference to your enquiry of the 6th instant regarding Money Orders from India; I have the honour to inform you that Money Orders in your favour have been advised but are remaining unpaid as the remittances were an abuse of the Money Order arrangement with India.

I have the honour to be,

Sir,

Your obedient servant,

(Sd.)

for Postmaster General.

The Manager,

National Bank of India Ltd.,

P. O. Box No. 7,

MOMBASA.

T-442.

29th January 1921.

To

The Secretary,

Department of Commerce, Government of India,

DELHI.

Sir,

The attention of my Committee is drawn by several members to a recent notification issued by the Postmaster General of the Colony of Kenya, East Africa and Uganda Protectorates, notifying for general information that the service of Money Orders from India to Kenya Colony and East Africa and Uganda Protectorates has been suspended. This announcement was made on the 21st October 1920, but before that date Money Orders to the extent of lakhs had been received by Post Offices in this country for transmission to Kenya Colony and East Africa and Uganda Protectorates. Our members have received advice from their agents and bankers that the payment of all these money orders has been suspended under the announcement referred to above. This has naturally caused extreme inconvenience and trouble, not to speak of the immense loss not only of money but of credit also. My Committee beg to request you to be pleased to make immediate inquiries with regard to this question and to let them know whether the local Postal authorities had any intimation of the order of the Kenya Colony Government when they received money orders for transmission, and whether that Government could have retrospective effect for their notifications.

As the amount involved is a big one and as the operations of trade have already greatly suffered and are likely to suffer while the suspension remains in force, an immediate attention to this inquiry is requested.

I beg, etc.,

J. K. MEHTA,

Secretary.

Delhi, the 17th February 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to refer to your letter No T. 442, dated the 29th January 1921, regarding the suspension of the money order service between India and East Africa.

2. In reply, I am to forward for the information of your Committee a copy of a question which was asked on this subject by the Hon'ble Mr. Lalubhai Samaldas in the Council of State on the 16th February and the answer which was given.

3. In the last sentence of paragraph 1 of your letter, you ask two specific questions, viz.—

(1) Whether the local postal authorities had any intimation of the order of the Kenya Government when they received money orders for transmission ; and

(2) Whether the Kenya Government were entitled to give retrospective effect to their notification.

4. The answer to your first question is in the negative.

5. With regard to your second question, the arrangement for the exchange of money orders between the Post Office of British East Africa and the Post Office of India, which was concluded on the 5th November 1896, authorises each office to suspend temporarily the exchange of money orders in case the course of exchange or any other circumstance gives rise to abuses, or causes detriment to the revenue. As your Committee is probably aware, the recent change in currency in British East Africa, whereby the florin, which is stabilised at 2s. sterling, and the rupee at present circulate as equivalents, gave opportunity for remittances from India to British East Africa, at a very profitable rate of exchange. It appears that remitters in India at once took advantage of this opportunity ; and in September last, the balance of money order remittances, which had hitherto always been from British East Africa to India, turned heavily in the opposite direction. The Postmaster-General, Nairobi, reported that

three lists showed that Rs. 1,65,000 were remitted to one payee in East Africa, though the maximum amount for which a money order may be drawn in either country upon the other, is only Rs. 600, and he suspected exchange profiteering by means of dummy remitters. He was, therefore, entitled, under the terms of the arrangement, to suspend temporarily the exchange of money orders ; but, in the view of the Government of India, he had no authority to refuse payment, with retrospective effect, of money orders already advised.

I have, etc.,

G. L. CORBETT,

Deputy Secretary to the Government of India.

Contents of Question asked by the Hon. Mr. Lallubhai Samaldas.

- (a) Will Government be pleased to say if their attention has been drawn to a Notification issued by the Postmaster General of the Colony of Kenya, East Africa and Uganda Protectorates, notifying that the service of money orders from India to the Kenya Colony and East Africa and Uganda Protectorates had been suspended ?
- (b) Is it a fact that the Notification was issued on 21st October 1920, while payments were accepted by Post Offices in this country for transmission to Kenya, East Africa and Uganda Protectorates up to that date ?
- (c) What is the total amount of money orders received by the Post Offices in India for transmission and which have not yet been paid to the parties in the abovementioned countries ?
- (d) What is the loss likely to be suffered by Indian merchants in having the payment of their money orders thus suspended ?
- (e) Were the Government of India consulted on the subject previous to the issue of the Notification and if so, did it meet with their approval ?
- (f) Have the Government of India received any protests regarding this Notification and if so, what action have they taken or do they propose taking in the matter ?

Question No. 94.

COUNCIL OF STATE.

(Reply by the Hon'ble Sir GEORGE BARNES, K. C. B., K.C.S.I., to the Hon'ble Mr. Lalubhai Samaldas Mehta, regarding the suspension of the Money Order Service between India and the Kenya Colony and East Africa and Uganda Protectorates.)

(a) Yes.

(b) The Notification was issued in Nairobi on the 21st October, but applied to all money-orders which had been advised from India on and after the 5th October. Telegraphic intimation of the notification was not received until the 23rd October by the Director General of Posts and Telegraphs who at once issued instructions to all Indian offices to refuse acceptance of money orders for East Africa. Intimation that the suspension was retrospective was not received until the 27th October.

(c) The total amount is reported by the Director General of Posts and Telegraphs to be Rs. 9,71,000.

(d) At the worst the money will be refunded to the remitters, and has already been refunded by the Director General of Posts and Telegraphs to any remitter who has applied for a refund. Remitters will, however, lose the interest on their money for the period during which payment has been suspended.

(e) The answer to both parts of this question is No.

(f) We received no protests until the 3rd of this month, when we received a letter dated the 29th January from the Secretary, Indian Merchants' Chamber and Bureau, Bombay. On the 2nd November, however, the Director General of Posts and Telegraphs had already protested strongly against the refusal of the Kenya Administration to pay money orders which had been accepted and advised before notice of suspension had been received, and pointed out that such action would cause serious public inconvenience and discontent. The Kenya Administration then offered to pay these orders, provided that we agreed to a special settlement on a sterling basis of two shillings as the equivalent of one rupee. The effect of this proposal would be that the Indian tax-payer would have to make good the difference between the current sterling value of the Indian rupee and two shillings. We were, therefore, unable to accept it, and informed the Kenya Administration that we should be compelled to

return the money to the remitters in India, if settlement in rupees according to the terms of the arrangement made in 1896 for the exchange of money orders between the Post Office of British East Africa and the Post Office of India was still refused. At the same time we entered a strong protest against the action of the Kenya Administration, as being a breach of the arrangement and contrary to international postal usage. We have not yet received a reply to this.

For future transactions, the Director General of Posts and Telegraphs has been instructed to arrange with the Kenya Administration for the exchange of money orders on a sterling basis.

T/544.

24th February 1921.

To

The Deputy Secretary to the Government of India,

Department of Commerce,

DELHI.

Sir,

I am directed to thankfully acknowledge the receipt of your letter No. 1426, dated the 17th February 1921, regarding the suspension of the money order service between India and East Africa. My Committee are glad to learn that the Government of India have entered a strong protest against the administration of the Kenya Colony. They will feel obliged if the Government of India will kindly supply to them a copy of the reply which they may receive on the subject.

I beg, etc.,

J. K. MEHTA,

Secretary.

ANNUAL REPORT OF THE

No. 568-S.

Government of India.

DEPARTMENT OF COMMERCE.

Simla, the 13th May 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

With reference to the correspondence ending with your letter No. T. 544, dated February 24th, regarding the suspension of the money order service between India and East Africa, I am directed to say that the Government of India have now received the reply of the Governor of the Colony and Protectorate of Kenya to their protest that the suspension on October 21st of the money order service with retrospective effect from October 5th 1920 was a breach of agreement and contrary to international postage usage. The reply is to the effect that the agreement was also broken by the Indian Post Office. Article 4 of the agreement prescribes that the maximum amount for which a money order may be drawn in either country upon the other is Rs. 600. Evidence has been adduced that on the 7th October 1920 two hundred orders each of Rs. 600 were issued in Bombay in favour of a single payee in British East Africa. Various names were given for the remitters but all of them gave the same address in Bombay. Similarly in another case two hundred and forty money orders in sequence were issued in favour of a single payee. The Kenya Government state that they telegraphed on the 12th October 1920 to the Director General of Posts and Telegraphs pointing out that exchange profiteering was going on and asking for early advice whether the matter could not be dealt with otherwise than by suspension of the money order service. Before the matter could be effectually dealt with here, they were compelled on the 21st October to take, in self defence the action which is the subject of complaint. Between the 5th October and the 23rd October (the date on which notice of the suspension was received in India) the total amount of money orders advised from India to Kenya and Uganda was Rs. 9,71,000. Of this amount, Rs. 6,37,000 were advised subsequent to the Kenya Government's warning that ex-

change profiteering was going on, and it is stated that this sum is more than double ten years' normal Indian drawings on the Nairobi Post Office.

3. The Government of India still think that the Kenya Government's action in suspending the money order service with retrospective effect was not justified by the terms of the agreement. On the other hand, they are not in a strong position to pursue the controversy since it has been established beyond all doubt that a flagrant breach of Article 4 of the agreement took place in India and that the money order system was abused for purposes of exchange profiteering. In the circumstances they have instructed the Director General of Posts and Telegraphs to repay to the remitters the sums received on account of the money orders drawn on Kenya and Uganda between 5th and 23rd October last together with commission paid on those money orders.

I have, etc.,

R. B. EWBANK,

Deputy Secretary to the Government of India.

APPENDIX XXIII.

Washington Labour Conference.

D. O. No. L/812

Board of Industries and Munitions,

Simla, August 24th, 1920.

Dear Mr. Mehta,

Please refer to your letter No. T 1412 of the 10th of August, which was delivered to me at Bombay. As I told you during our interview, I had no spare copy of the Government of India letter of the 11th of May, and, consequently, it was impossible for me at the time to furnish your Committee with anything more than the note which I gave you containing a list of subjects that the Committee might wish to discuss.

2. The letter from the Government of India to the Local Governments, dealing with the results of the Washington Conference on labour,

was, I find, published in many of the papers last May, and I am surprised, therefore, that you had not noticed it. Presumably, the Bombay Government took for granted that those of your members specially interested in labour are, also, members of the Millowners' Association, and that direct reference to the Millowners' Association would, therefore, be sufficient; for I found, after my interview with you, that the Bombay Chamber of Commerce had also not received a copy of the Government of India letter. The Millowners' Association replied to the Local Government's enquiry on the 4th of August, and even that date was later than the date by which we hoped to obtain the advice of Local Governments and of associations interested in labour.

3. I hope that the views of the Millowners' Association will cover substantially the interests of the Indian Merchants' Chamber; for I find that employers generally in Bombay as elsewhere realise that the recommendations and conventions adopted at Washington last year are generally acceptable, although possibly requiring slight modification in matters of detail.

4. I now enclose copy of the Government of India letter, in case your Committee would like to send any supplementary remarks on the questions discussed at Washington.

Yours sincerely,

T. H. HOLLAND,

T. 440.

25th January 1921.

To

The Secretary,

The Board of Industries and Munitions,

DELHI.

Sir,

With reference to the correspondence ending with the D. O. letter from the Hon'ble Sir Thomas Holland, No L-812, dated the 24th August 1920, I am directed by my Committee to inform you that they agree with

the views expressed by the Bombay Mill-owners' Association upon the subject of hours of labour in factories in India and the cognate questions discussed at the International Labour Conference held at Washington.

With regard to primary education my Committee are of opinion that it should be made free.

The delay in sending this reply is regretted.

I beg, etc.,
J. K. MEHTA,
Secretary.

No. 335/74/I of 1920.

Mill-owners' Association.

Bombay, 4th August 1920.

To

The Secretary to Government,
General Department,
BOMBAY.

Sir,

With reference to your letter No. 6289, dated the 9th June 1920 and your subsequent reminder thereto, No. 7181, dated the 6th July 1920, upon the subject of hours of labour in factories in India and other cognate questions discussed at the International Labour Conference held at Washington, I am directed to state that the papers which accompanied your letter under reply have received the careful consideration of my Committee and I am now to communicate the following expression of their views on the various subjects treated therein.

(1) *Draft Convention limiting the hours of work in Industrial Undertakings to eight in the day and forty-eight in the week.*

My Committee have already dealt with this question in their reply to the Collector of Bombay in July 1919 and further discussed it in their memorial to His Excellency the Viceroy and Governor General in Council, dated the 27th March 1920, and they are, therefore, of opinion that it is unnecessary once more to cover the same ground. On the subsidiary

questions arising in the same connection they have, however, a few remarks to offer.

Any further limitations in the working hours of women and children should, in the opinion of my Committee, be considered only in conjunction with the draft convention regarding the employment generally, of women and children. They consider that the hours fixed at present are quite reasonable and they cannot see their way to recommend any further curtailment.

Although women under the Factory Act as it stands are permitted to work eleven hours a day, at the present time when the daily number of hours of work in Bombay Mills does not exceed ten, they actually work less than nine hours a day, the reason being that they are permitted to attend half an hour later, and cease work half an hour earlier than the men. Nor are the conditions under which they work and the nature of their work itself by any means strenuous. My Committee, however, desire to recommend that, in the event of the Factory Act being amended to restrict the number of hours of work to ten a day, the number of hours of work in the case of females, should, in view of the foregoing be reduced only to nine hours a day. As regards children who at present work merely for five hours a day, my Committee, having regard to the easy conditions under which they perform their work, consider that number by no means excessive.

(2) *Draft Convention concerning the employment of women before and after Child-birth.*

It must be admitted that there are in Indian Law at present no provisions relating to this question, and my Committee fully sympathise with the resolution of the Washington Conference "that the Indian Government be requested to make a study of the question of the employment of women before and after confinement, and of maternity benefits, before the next Conference, and to report on these matters to the next Conference."

My Committee desire here to assure Government that any suggestions made under this head will receive their earnest and sympathetic con-

sideration as they feel that on occasions of this nature some facilities should be provided. In this connection I am to add that they will be glad to co-operate with and assist the local Government in any enquiries that may be instituted.

(3) *Draft Convention concerning the employment of women during the night.*

My Committee consider that the present Factory Act as it stands meets the case and that no alteration in the above behalf should be made therein.

(4) *Draft Convention fixing the minimum age for admission of Children to Industrial employment.*

My Committee are of opinion that if the present minimum age cannot be maintained the age should be raised gradually ; they are opposed to the recommendation of the Washington Conference that it should at once be raised to twelve, for the following reasons :—

- (a) The work a child is put to in the factory is of an easy nature.
- (b) It would create dislocation in the industries especially in the mofussil, where labour is by no means plentiful.
- (c) The factory hands themselves would not view this drastic change with favour involving as it would a temporary reduction in the family earnings.

In regard to the question of making primary education compulsory I am to say that my Committee would be only too happy to fall in with its application to the country generally but they would certainly resent any attempt to make it compulsory solely in the case of the Textile Industry. They would here point out that several of the Bombay Mills already have arrangements for giving primary education to children in their employ.

(5) *Draft Convention concerning the night work of young persons employed in Industry.*

Night work in factories is already prohibited in the case of all females and of boys under fourteen years and my Committee are of the opinion

that the existing procedure in this respect requires no modification, except in very special cases.

Definition of a factory.

With reference to the suggestion to alter the definition of a factory so as to make it applicable to industries smaller than those that now come within its purview, I am to state in conclusion that my Committee are in complete agreement with the view of the Government of India that further investigation should be made before any alteration is effected in the Act. I am to add that my Committee concur with the view of the Government of India that at this stage it is unnecessary to appoint a Committee of Inquiry for India as a whole for the reason that local Governments have already appointed such Committees and their findings should be studied before the question of the appointment of an Imperial Committee of Inquiry for the whole of India is entertained.

I have etc.,

Sd. C. B. SAYER,

Acting Secretary.

APPENDIX XXIV.

The Dominion Status.

T/444.

31st January 1921.

To

The Secretary,

The Department of Commerce, Government of India,

DELHI.

Sir,

I am directed by my Committee to draw your attention to the article which appeared in the Bombay Chronicle of the 15th instant on "The New Menace." This article is evidently based on a letter which appeared in the Nation of the 27th November on the connotation of the term "Dominion Status." What my Committee feel is that if this conception of the term "Dominion Status" is henceforward to be the official concep-

tion an entirely new aspect is given to the status of India within the Empire. Before taking however an alarmist view of the situation, my Committee wish to refer to you to ascertain if the Government of India have kept themselves informed of the latest developments of this status question, and if so, whether they are in a position to take the Indian people in their confidence and issue a communique explaining the present position of India within the British Empire, both in her relation to the United Kingdom and the Dominions. What may be called the colonial question is going to be one of the most serious questions which will require all the care and consideration the Government of India can bestow. The recent despatch of the Government of India with regard to East Africa has shown that they have in this matter voiced the feelings of the people of India. My Committee hope that the same solicitude for the self-respect of India in her relations to the dominions will characterise their policy with regard to this question of the status of the Dominions.

I have, etc.,

J. K. MEHTA,
Secretary.

No. 2135.

Government of India.

DEPARTMENT OF COMMERCE.

Delhi, the 9th March 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to acknowledge the receipt of your letter No. T/444, dated the 31st January 1921, in which you draw attention to an article which appeared in the Bombay Chronicle of the 15th January, entitled "The New Menace," and ask whether the Government of India are in a position to issue a communique explaining the present position of India within the British Empire, both in her relation to the United Kingdom and the Dominions.

2. In reply, I am to say that the Government of India have been informed that the question of the constitutional relations of the component parts of the Empire will be the subject of an Imperial Conference which will be held in the summer of 1922. At this Conference India will be represented. Your Committee may be assured that the magnitude of the issues involved is fully realized by the Government of India.

3. The Government of India have also received notice that there will be a meeting of the Imperial Cabinet in the summer of 1921, at which India will be represented. As announced by the Hon'ble Sir George Barnes in reply to a question put by the Hon'ble Mr. Lalubhai Samaldas Mehta in the Council of State on the 16th February, "the position of British Indians in other parts of the Empire" has been placed on the agenda at the request of India.

I have, etc.,

C. A. INNES,

Secretary to the Government of India.

APPENDIX XXV.

Proposal to pass a uniform legislation throughout the Empire on the lines of the United States of America Harter Act.

D. O. No. 634.

Department of Commerce.

DELHI, the 20th January 1921.

Dear MR. MEHTA,

As you no doubt know, we published a Press Communiqué on the 3rd September last regarding the Imperial Shipping Committee. This Committee is devoting special attention at the present moment to the question of the limitation of shipowners' liability by clauses in bills of lading. The enclosed extract from a report by the Dominions Royal Commission states the case. We have been asked by the Secretary of State to telegraph our views on the suggestion that uniform legislation on the lines of the United States of America Harter Act should be passed throughout the Empire, and a reply is wanted if possible by the end of this month. I shall be very greatly obliged if you could let me have as early as possible the views of the Indian Merchants' Chamber and Bureau

on the subject. I am addressing you demi-officially as there is hardly time to make a formal reference to you through the Bombay Government.

Yours sincerely,

C. A. INNES.

To

J. K. MEHTA, Esq.,

Secretary.

Indian Merchants' Chamber and Bureau,

BOMBAY.

DOMINIONS ROYAL COMMISSION.

FINAL REPORT.

Bills of Lading.

595. Lastly, we revert to the question of bills of lading to which we alluded in our Second, Fourth and Fifth Interim Reports. We there described the view which we found to be largely prevalent amongst the mercantile community of Australia, New Zealand, Newfoundland and Canada, namely, that shipowners in the United Kingdom endeavour in their bills of lading to contract themselves out of liability for loss or damage in respect of the goods which they carry, particularly from the United Kingdom to the self-governing Dominions, to an extent unfair in itself, and not now permissible under the legislation in force in the United States of America and in various parts of the British Empire.

596. In our consideration of this question we have studied the views tendered in evidence by shipowners as well as by shippers, and we have also had the opportunity of considering the discussion on the question which took place at the conference on Merchant Shipping Legislation in 1907 between representatives of the United Kingdom, Australia and New Zealand.

597. We may state shortly what we conceive to be the present position of affairs.

- (1) It is not in dispute that under the Common Law of England, and in the absence of contractual provisions to the contrary,

shipowners have to carry and deliver goods in safety, and are answerable for all loss and damage which may happen while the goods are in their hands as carriers, subject to certain excepted points, such as loss from "act of God" or "perils of the sea."

- (2) It is admitted also that until a comparatively recent date shipowners generally accepted these liabilities and did not attempt to contract themselves out of them. But some 40 years ago it was discovered that the underwriters with whom shippers had insured could, in case of loss, take assignment of shippers' rights under their bills of lading and recover against shipowners. This led to a change of practice, and shipowners now endeavour to contract themselves out of liability in all save a very few contingencies.
- (3) Under the Harter Act of the United States of America it is not lawful to insert in any bill of lading any clause relieving the owner or master of a vessel conveying merchandise from or between ports of the United States and foreign ports from liability for loss or damage arising from negligence, fault, or failure in proper loading, stowage, custody, care or proper delivery of merchandise. Legislation on similar lines has been passed in Canada, in the Commonwealth of Australia, and in New Zealand.

598. We have found practically unanimous opposition on the part of shipowners to legislation of this kind. On the other hand, we have found in all the self-governing Dominions a consensus of opinion in favour of it. There is also a large body of commercial opinion in the United Kingdom in the same direction.

599. It is difficult to see that legislation on the lines of the Harter Act can constitute an injustice to sea carriers. It would rather appear to be a protection to the better class of shipowners. It was stated in evidence by the Chairman of the Australasian Section of the London Chamber of Commerce and again by the representative of the Liverpool Steamship Owners' Association that the better class of shipowners pay for damage caused by the negligence of their servants in the handling and stowage of cargo where a reasonable claim is established by the shipper, even apart from legislation. If that is so, legislation would only impose on these shipowners a liability which is now in practice admitted, while it

would also protect them against the competition of less reasonable owners who take full advantage of the freedom from liability given by existing bills of lading.

600. It can scarcely even be urged that legislation on the lines of the Harter Act would be of inconvenience to United Kingdom shipowners, because their representative has assured us that the negligence clause in that Act, which is the basis of the legislation asked for by the shippers is perfectly fair and reasonable, and that the inconvenience of it, if any, has been so small that it has not raised freight from the United States of America. Similarly we learned in Canada that the Canadian legislation has had no adverse effect on business.

601. It is urged on behalf of the shipowners that nothing should be done which would handicap British shipping in competition with foreign shipping. It must be pointed out in reply to this contention that the largest German shipping companies, as the outcome of agreement between them and the shippers, adopted before the war a bill of lading under which the shipper is protected against the negligence of the shipowners' servants in the stowage, preservation, treatment and delivery of cargo and under which the shipowner is responsible for seeing that at the beginning of the voyage the ship is properly fitted, equipped, manned, and provisioned, in a seaworthy condition, and capable of undertaking the intended voyage except as regards defects that could not have been discovered by the exercise of ordinary care. Moreover, the Norwegian Shipping Law makes the shipowner responsible for all loss or damage sustained by the goods carried, from the time of their receipt until their delivery, unless it is shown that damage or loss was caused by the act of God, &c., or resulted from the nature or packing of the goods.

602. The maintenance of the doctrine of freedom of contract is, no doubt, important, but the preservation of the rule that the contractor should be responsible for the negligence of his servants is, from an economic point of view, also important. We think that this rule should be established generally, and that it should be dealt with apart from the proposals which we have outlined above in regard to shipping freights. It is a rule of law, now defeated by agreement to which one side claims to be an unwilling party, and it should be established securely and permanently.

603. We recommend, therefore, that legislation on the lines of the Harter Act should be passed in the United Kingdom, and we think that

similar legislation should take effect in the Union of South Africa and in Newfoundland.

T/411.

25th January 1921.

To

C. A. INNES, Esq., C.I.E., I.C.S.,
Secretary, the Department of Commerce,
Government of India,
DELHI.

Sir,

With reference to your D. O. letter, dated 20th instant, No. 634, I am directed by my Committee to inform you that they approve of uniform legislation on the lines of the United States of America Harter Act being passed throughout the Empire.

I beg, etc.,
J. K. MEHTA,
Secretary.

APPENDIX XXVI.

Legislation relating to Banks and Banking.

No. 3361.

Revenue Department,
Secretariat, Fort, BOMBAY.

Dated the 4th December 1920.

To

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Subject.—Legislation relating to banks and banking.

Sir,

I am directed to forward a copy of Government Order No. 3361, dated 4th December 1920, and to request that you will favour Govern-

ment within the prescribed period with the opinion of your Chamber on the several questions contained in the letter from the Government of India printed in the preamble of the Order.

I have, etc.,

SHAMRAO D. MANKAR,

Under Secretary to the Government of Bombay,

Revenue Department.

Indian Companies Act, 1913.

Legislation relating to banks and banking.

Government of Bombay.

REVENUE DEPARTMENT.

Order No. 3361.

Secretariat, Fort, Bombay.

Dated the 4th December 1920.

Letter from the Government of India, Department of Commerce, No. 8071 dated 17th November 1920 :—

"In the letter of the Department of Commerce and Industry No. 6905—6918-11 dated the 22nd August 1913, all Local Governments and Administrations were addressed on the question whether legislation should be undertaken in connection with the use of the term 'bank' in India. The replies to this reference were all received by April 1915, but the consideration of the subject was held up by the war. The Government of India, however, have recently brought the question under examination and I am now to address you again on the subject.

"2. After considering the replies to the Circular letter referred to in the preceding paragraph, the Government of India came provisionally to the conclusion that it was doubtful whether any useful purpose would be served by the adoption of the suggestion that restrictions should be imposed on the use of the term 'bank' and that it would be wiser, in the first instance at any rate, to content themselves with legislation designed merely to amplify the particulars which under section 136 of the Indian Companies Act banks are required periodically to publish. It was thought that if banks registered under the Indian Companies Act were required to publish at short intervals a more complete statement of their position than

the statement in Form G in the Third Schedule of the Act at present affords, a small but useful change, which would go far towards safeguarding the interests of the public, would be effected in the banking law of India and that the advisability of introducing other more drastic changes in the law might safely be left for future consideration. Accordingly the Government of India took advantage of the recent meeting of the Indian Legislative Council, and of the presence in Simla in connection with the Imperial Bank Bill, of a number of bankers to convene a small committee composed mainly of gentlemen with special knowledge of the subject, to consider (1) in what respects Form G referred to above might usefully be amplified and (2) at what intervals the revised statement should be published.

"3. The Committee, which was composed of four gentlemen intimately connected with banking in India, a member of the Bengal Chamber of Commerce, and three officials of the Government of India, took as their model the form of monthly statement proposed by the Committee on Currency and Foreign Exchanges after the War which was presided over in 1918 by Lord Cunliffe, and after considerable discussion recommended that banks registered under the Indian Companies Act should be required to publish monthly, in lieu of a statement in Form G in the Third Schedule of the Act, a statement in the form given in the Appendix to this letter. They made it clear, however, that they recommended this form merely as a suitable basis for discussion and I am to ask that the Government of India may be furnished with the views of His Excellency the Governor in Council as to the suitability of the proposed form. Chambers of Commerce and other bodies and institutions with special knowledge of the subject will no doubt be consulted as widely as possible.

"4. I am to add that it has been suggested by a gentleman who was asked to serve on the Committee but was unable to do so owing to ill-health that the utility of the form for the purpose for which it is intended would be greatly enhanced if

(1) item 3 on the liability side were sub-divided so as to show separately :—

- (a) Current deposits,
- (b) Fixed deposits,
- (c) Overdrafts,
- (d) Other advances, and

- (2) item 4 were amplified so as to exhibit separately loans against recognised Trust Securities and loans against Share Securities.

" The Government of India would be glad if these suggestions could also be examined.

" 5. As has already been explained, the Committee was convened primarily for the purpose of advising what particulars regarding their position Banks registered under the Indian Companies Act should be required to publish periodically for the information of the public. In the course of the discussions, however, various other suggestions for legislation were made and I am to ask that these suggestions also may be considered.

" 6. In the first place the question was raised whether a definite limit should not be placed on the amount of the authorised capital of a Bank. It was suggested that the authorised capital should not exceed the subscribed capital by more than a specified proportion. Section 75 (1) of the Indian Companies Act prescribes that when the amount of authorised Capital of a bank is published the publication shall also contain in equally conspicuous characters the amount of capital which has been subscribed and the amount of capital paid up. Doubts have been expressed, however, whether more stringent regulations are not desirable. In 1914, for instance, the Bengal Chamber of Commerce, besides suggesting that a minimum amount of subscribed capital should be prescribed by law, recommended (1) that the authorised capital of a bank should not be more than four times the subscribed capital and (2) that no bank should be permitted to advertise the amount of its authorised capital. There was some difference of opinion on these suggestions. Some members of the Committee held that the second recommendation covered the essential point and that banks should not be allowed to advertise the amount of their authorised capital. Others held that the suggestions went beyond the necessity of the case and that it would be sufficient if the law prescribed that the authorised capital should be more than twice the subscribed capital. It should be noted that the proposals made in this

paragraph are only intended to apply to banks which are registered companies under the Indian Companies Act.

“ 7. The next point raised was whether it would not be wise to prescribe that definite proportion (25 or 30 per cent.) of the face value of the shares should be called up before a bank was allowed to begin business. In the United Kingdom and some other countries the amount of uncalled share capital is regarded as a substantial safeguard to depositors. In the case of bank failures in India, however, it has sometimes proved impossible to recover this unpaid liability, and when the subject was previously discussed, there was a balance of opinion in favour of the proposal that the law should be amended so as to provide that a proportion of the subscribed capital must be paid up either before a bank begins business or within a reasonable period, say six months or a year, after business has been begun. The proportion suggested by most authorities was 50 per cent. but some considered that it might reasonably be fixed as low as $33\frac{1}{3}$ per cent. or even 20 per cent.

“ 8. The question was also discussed whether the Act should not be amended so as to reduce the period under which banks may work under agency arrangement with the promoters to a term of not more than five years the arrangement to be renewable thereafter at stated intervals at the option of the shareholders.

“ 9. It was also suggested that section 145 (2) of the Indian Companies Act, which was based on section 113 of the English Companies Consolidation Act of 1908, should be tightened up. It was suggested that since auditors generally in India have not attained quite the same high standard as auditors in the United Kingdom, the auditors' certificate and report on the balance sheet as prescribed by the Indian Companies Act should go further than the English requirement and should expressly state that the auditors have examined the accounts along with the securities representing the investments of the bank or held against loans, the bills discounted and the cash balances at the head office or at several of the branch offices. It is believed that auditors' certificates on banks' balance sheets at Home usually contain a statement to this effect and it is suggested that it should

definitely be prescribed by an amendment of the Indian Companies Act that the auditors should be required to include the information stated above in their certificate.

" 10. Finally I am to say that the Committee considered whether the legislation proposed in paragraph 3 above with the object of amending Form G in the Third Schedule of the Companies Act should be limited to banks registered under that Act. It was pointed out the foreign banks, which term was intended to include Exchange Banks, were allowed to take deposits. The whole object of the legislation proposed is to safeguard the interest of depositors and it was suggested that, if the proposed legislation was undertaken, it should also be made applicable to exchange banks. I am to ask that this suggestion may be considered and that information may be supplied as to whether Exchange Banks will be able to supply periodically the information which it is proposed to prescribe in the new form* appended to this letter.

" 11. I am to ask that if possible the reply to this letter may be furnished by the end of January next."

ORDER.—Copies of the letter from the Government of India and its accompaniment should be forwarded to the Chambers of Commerce, Bombay and Karachi, the Bombay Millowners' Association, the Indian Merchants' Chamber and Bureau, the Bombay Presidency Trades Association, the Bombay Underwriters' Association, the Chairman, Associated Exchange Banks, Bombay, the Bombay Grain Merchants' Association, and the Bombay Native Piece-goods Merchants' Association, with a request that they will favour Government with their opinions on the questions contained in the letter.

2. Copies of the letter and its accompaniment should also be forwarded for favour of opinion to the Commissioner in Sind, the Commissioners of Divisions, the Honourable the Advocate General, the Remembrancer of Legal Affairs, the Solicitor to Government and the Registrar of Companies. They should be requested to consult such select officers, businessmen, or private bodies as they may think fit.

3. The officers and the private bodies consulted should be requested to forward their replies to Government on or before 3rd January 1921.

SHAMRAO D. MANKAR,

Under Secretary to Government.

G. O. No. 3861, R. D., dated the 4th December 1920.

* Printed as an accompaniment to this Order. *

**Accompaniment to Government Order, Revenue Department,
No. 3361 dated the 4th December 1920.**

APPENDIX.

*Proposed monthly statement to be published by Banks registered
under the Indian Companies Act, 1913.*

Liabilities.	Rs. a. p.	Assets.	Rs. a. p.
1. Capital—		1. Cash—	
Authorised capital ... shares of Rs. each ...		(1) Coin, Currency Notes and balan- ces with the Imperial Bank of India ...	
Issued capital ... shares of Rs. each ...		(2) Cash in transit ...	
Subscribed capital ... shares of Rs. each ...		2. Balances with other Banks in India ...	
Paid up Capital ...		3. Bullion in hand and in transit ...	
2. Reserve Fund ...		4. Money at call and at not more than seven days' notice.	
3. Current, deposit, and other Accounts ...		5. Indian and British Government securities maturing within 12 months ...	
4. Loans against securities as per cent a ...		6. Inland Bills ...	
5. Acceptances ...		7. Foreign Bills ...	
6. Endorsements, guaran- tees and other oblig- tions ...		8. Balances abroad ...	

Liabilities.	Rs. a. p.	Assets.	Rs. a. p.
Total	...	9. Investments—	
		(1) Securities of, or guaranteed by Indian and British Governments.	
		(2) Colonial and Foreign Govern- ment Securities.	
		(3) Other Indian Trust Stocks and Debentures.	
		(4) Shares and Deben- tures of Joint Stock Companies.	
		(5) Other investments.	
		10. Loans and Advances...	
		11. Other assets ...	
		12. Bank Premises ...	
		13. Liabilities of customers for Acceptances as per contra ...	
		14. Liabilities of customers for Endorsements, Guarantees and other obligations as per contra ...	
		Total ...	

T. 365.

15th January 1921----

To,

Rao Bahadur Shamrao D. Manker,

Under Secretary to the Government of Bombay,

Revenue Department,

BOMBAY.

Sir,

With reference to your letter of the 4th December 1920, I am directed by my Committee to send hereby their opinion on the several questions contained in the letter of the Government of India which accompanied your letter regarding legislation relating to the Banks and Banking :—

- (a) With regard to paragraph 3, my Committee do not think it necessary that banks registered under the Indian Companies' Act should be required to publish a monthly statement in the form given in the appendix to your letter. The purpose in view will be served, in the opinion of my Committee, if the banks registered under the Indian Companies' Act are required to publish an audited half-yearly balance sheet of their business in the form prepared by my Committee and given in the appendix to this letter as appendix A.
- (b) With regard to paragraph 6, my Committee do not think it necessary to have a limit placed on the amount of the authorised capital of a bank. The authorised capital, however, should not be allowed to be mentioned in advertisements and balance sheets though it may be in the prospectus.
- (c) There should be no proportion fixed between the authorised and subscribed capital.
- (d) 25 per cent. of the subscribed capital should be called up in 2 years from the date of the commencement of the business.

- (e) No minimum should be fixed for subscribed capital.
- (f) No agency arrangement is desirable in the case of banks. Existing arrangements, however, may be continued till their expiry.
- (g) With regard to paragraph 9, my Committee beg to protest strongly against the insinuation conveyed in the sentence that "since auditors generally in India have not attained quite the same high standard as auditors in the United Kingdom, the auditors' certificates and reports on the balance sheets as prescribed by the Indian Companies' Act should go further than English requirements, etc." Such a reflection is entirely uncalled for and undeserving. There is no excuse for saying that the standard of qualifications of auditors in this country is in any way inferior to that prevailing in England. It was only a few years back that a special legislation was effected with regard to auditors and a special body of auditors was created under it. My Committee do not think it necessary that a statement should be required from them as suggested in view of the fact that audit under the Indian Companies' Act requires such a statement already.
- (h) It should be made obligatory on all Foreign Exchange Banks to publish an audited half-yearly balance sheet of the business they are doing in India.
- (i) My Committee beg to suggest that the words "beyond the limits of India" should be omitted in section 145 (3) of the Indian Companies' Act of 1918.

I beg, etc.,

J. K. MEHTA,

Secretary.

APPENDIX A.

Half-yearly Balance Sheet of a Banking Company registered under the Indian Companies' Act, framed on the model of Form F, but suited to the requirements of a Bank, to be substituted for Forms F & G of the Indian Companies' Act.

			Rs.	Rs.
LIABILITIES :				
1. <i>Capital—</i>				
Issued capital—shares of Rs.—— each ...				
Subscribed capital—shares of Rs.——				
each				
Called up capital—shares of Rs.——				
each				
<i>Less</i> calls unpaid				
Paid-up capital				
<i>Add</i> Forfeited shares amount paid up				
2. Reserve Fund				
3. Loans against securities				
4. <i>Liabilities—</i>				
(a) on current accounts				
(b) savings bank deposits				
(c) on fixed and other deposits				
(d) on other accounts				
5. Acceptances				
6. Unclaimed dividends				

			Rs.	Rs.
7.	Rebate on Bills discounted	...	.....	
8.	Profit & Loss—			
	Balance as per previous balance sheet	...	.....	
	Less appropriation thereof	...	.....	
	Balance brought forward	...	.....	
	Profit since last Balance sheet	...	.....	
	Profit available	...	.....	
		Total	...	
	On acceptances for customers as per contra	...	.....	
	On endorsements, guarantees and other obligations			
	as per contra	...	.....	
		Total per contra	...	.....
	<i>Contingent liabilities, if any.</i>			
	Claims against the Bank not acknowledged as			
	debts	...	.....	
	Arrears of imulative preference dividends	...	.....	
	ASSETS—			
1.	Cash—			
	(a) Cash on hand at head office & branches	...	.....	
	(b) With Bankers in India on current account	...	.....	
	(c) With Bankers abroad on current account	...	.....	
2.	Money at call and not more than seven days' notice	...	.....	
3.	Bullion in hand and in transit	...	.....	
4.	Investments—			
	(Nature of investment and mode of valuation, e. g., cost or market value)...		.....	

	Rs.	Rs.
5. Loans, cash credits, Bills discounted and other advances		:
(a) Considered good		:
(1) fully secured by the deposit of marketable securities		:
(2) on the joint personal securities of the debtor and of one or more persons		:
(3) on the personal security of the debtor alone		:
(b) Considered doubtful		
(c) Considered bad		
Debts due by directors or other officers of the Bank or any of them severally or jointly with any other persons to be separately stated, by way of narration		
6. Immovable property		
7. Movable property		
8. Preliminary Expenses.		
9. Commission or brokerage paid for underwriting or placing Shares or debentures until written off		
10. Unexpired charges (being the unexpired portion of charges paid in advance)		
11. Due by Agents and Correspondents		
12. Other Assets		
13. Profit and loss (giving details as in the case of a profit)		
Total		
14. Liabilities of customers for acceptances as per contra		
15. Liabilities of customers for endorsements, guarantees and other obligations as per contra		

APPENDIX XXVII.

Amendment of Section 19 of the Indian Income Tax Act.

No. 3014-F.

Government of India.

FINANCE DEPARTMENT.

To

All Chambers of Commerce and Associations.

Dated Delhi, the 1st December 1920.

Sir,

I am directed to enclose a copy of a letter No. 3013-F., dated the 1st December 1920, which has been forwarded to all Local Governments, and request that the views of your Chamber Association may be communicated to the Government of India, through the Local Government, at as early a date as possible.

I have, etc.,

J. C. NIXON,

Under Secretary to the Government of India.

No. 3013-F.

Government of India.

FINANCE DEPARTMENT.

From

J. C. NIXON, Esq., I. C. S.,

Under Secretary to the Government of India;

To

All Local Governments and Administrations.

Dated Delhi, the 1st December 1920.

Sir,

I am directed to say that complaints have been received regarding the difficulties involved in working the procedure laid down by section 19 of the Income-tax Act, 1918 (VII of 1918).

2. In the original Bill introduced in the Legislative Council on the 6th February 1918, it was proposed that income-tax should be finally assessed on the ascertained income of the preceding year, but the Select Committee abandoned that system and altered the Bill to provide that the tax should be levied in each year in respect of the taxable income of that year. Under the changes introduced by the Select Committee, a provisional assessment is, in the first instance, made on the basis of the previous year's income, while there is a subsequent adjustment under section 19 of the Act when the actual income of the year of assessment becomes known. In their report the Select Committee stated that this alteration had been made "to meet representations made on behalf of the commercial community."

3. The procedure adopted in the Act has, it is understood, led both to considerable complications in the work of the assessing officers and to difficulties and trouble to the assessees. Two assessments are, in practice, made each year, and in some provinces two notices have to be issued, one for the provisional assessment and the other for the adjustment. In some cases, again, an assessee, as the result of the adjustment for the preceding year and the assessment for a current year being made on the same ascertained income instead of having to pay any demand on account of income-tax, receives a refund on account of the net result of the adjustment and provisional assessment. In businesses where profits fluctuate considerably, if the profits in one year are large, the assessee owing to the adjustment and provisional assessment made in the following year, which may be a lean year, has to pay twice on the profits of the preceding year and then wait for another year for a refund. It is suggested that the larger firms, at whose instance section 19 was inserted in the Act, should be asked to work out what amounts they have had to pay under the provisions of section 19 since the Act came into force, and what amounts they would have paid had the assessments been made finally on the profits of the preceding year for the same period.

As regards smaller businesses, it has been represented to the Government of India that it is extremely difficult to get the assessee to under-

stand what the fluctuations in the assessments mean, and it is obviously most undesirable that assessee should have any difficulty in understanding how the assessments have been arrived at.

4. It is also anticipated that, if the adjustment system is retained, companies and firms will have considerable difficulty in getting a refund of income-tax and super-tax paid in India from the authorities in England. Under section 27 of the Finance Act of 1920, it will be necessary for an assessee to prove that he has paid for a particular year Indian income-tax and super-tax in respect of the same source of income as is being assessed to British income-tax and super-tax.

5. The Parliamentary Joint Select Committee have recommended that each Local Government should get a share in the increase in receipts of income-tax due to an increase in the income brought under assessment, and, if their recommendations are accepted by Parliament, it will be necessary to ascertain each year what the assessed income is in respect of which income-tax has been collected in each province. It will obviously be a matter of extreme difficulty to work out what the assessed income is so long as the adjustment system is retained.

6. From paragraph 479 of the Report of the Royal Commission on Income-tax, 1919, it will be observed that the Commission has recommended that the system of basing the assessments in such cases on the profits of the preceding year should be adopted in England, for, amongst other grounds, the reasons that it will be a very important step in the direction of uniformity and simplicity and that it seems to be universally desired. It will be observed from the evidence of the representatives of the Association of British Chambers of Commerce, in Volume III of the minutes of evidence before the Royal Commission, that that Association strongly urged upon the Commission the advisability of basing assessments of business profits on the ascertained profits of the preceding year. The system at present in force in England under which assessments in such cases are made on the average profits of the last three years is of course different from the system now in force in India, but some of the arguments adduced by the Association would apply with equal

force to the change now proposed in the Indian system. The Association pointed out, for example, that the distribution of profits whether by way of dividends in the case of a company or appropriation in a partnership or withdrawal in a business carried on by a private individual, is determined by the results as shown by the accounts for the last preceding year, and that it will therefore be more convenient and equitable that income-tax (the share of the State) should be ascertained and provided for in respect of the accounts of each individual year as in the case of the other parties interested in the distribution of the profits. They also pointed out that the change would avoid the inevitable irritation where a trader is losing money and yet has to pay income-tax on apparently fictitious profits based on an average of the profits, even though he is able to obtain a refund at a later date.

7. If it is decided that the adjustment system should be dropped, I am to inquire whether it is considered necessary that any special provision should be made for the years immediately succeeding the change. The question of making any special provision for the years immediately succeeding the change in England was considered by the Royal Commission, and they decided that it was unnecessary. They said, "we are inclined to think that no inequity to the individual is involved by giving full effect to the proposed change at once, because the profits that will form the basis of the assessment for the year in which the change first takes place will be profits which have never entered into any previous average. The only person who might have a grievance is one who has paid, under the system of averages, tax on a larger sum since the commencement of his business than the profits of the business have amounted to. We are inclined to think that in existing conditions the cases in which any hardship would arise must be rare, but whether this is so or not, we are emphatic in our opinion that no general option should be given to the tax-payer to elect, when the basis is changed, which of the two systems he will be assessed under, and that any remedy provided should apply only in the case of proved hardship." Similarly, in the case of India, the profits that will form the basis of assessment in the first year of the change will be profits which have never enter-

ed into the calculations of any previous assessments. The witnesses on behalf of the Association of British Chambers of Commerce were opposed to any provision being made for such cases. An extract from the evidence of the principal witness on behalf of the Association is attached to this letter.

8. It will be necessary, however, to consider whether provision should be made regarding the assessment of new businesses and the assessment of businesses which have closed down. The Royal Commission on Income-tax have recommended that "a new business should be assessed for the first year on the profits of that year, and for the second year on the first year's profits subject to an adjustment to the actual profits of the second year at the option of the tax-payer. Where a business is discontinued or ceases in any year, we suggest that it should pay on the actual profits of that year up to the date of cessation, and that the Revenue should have the option of substituting the actual profits for the assessed profits in the penultimate year. For example, assuming that a business lasts for $9\frac{1}{2}$ years, it will pay for the year 1 on the actual profits of the year 1; for the year 2, on the profits of the year 1 or the year 2 at the option of the tax-payer; for the first half of the year 10, it will pay on the actual profits of that period; and for the year 9, the assessment, based on the profits of the year 8, will be capable of adjustment at the option of the Revenue to the profits of the year 9." The Government of India are inclined to think that a simpler solution would be both at the beginning and at the end of a business to assess in each case on the profits of the preceding year.

9. As the question is one of some urgency, if it is to be given effect to by legislation in the ensuing session, I am to ask that your views may be forwarded to the Government of India as soon as possible. Copies of this letter are being sent to the several Chambers of Commerce, who are being requested to forward their views through the respective Local Governments.

I have, etc.,

J. C. NIXON,

Under Secretary to the Government of India.

Extract from the evidence of the principal witness on behalf of the Association of British Chambers of Commerce.

* * * * *

“8225. Q. Would you not have to give three years’ notice, or two years’ notice?

A. I do not think so. You must make a beginning some time if you are going to make a change, and to my mind you should make it at once. It may be necessary, in making the change, to assess twice on the same year.

8226. Q. Could you consider putting in some carefully considered suggestion; because after all, this proposal of yours has been put forward by various witnesses, but you agree there is a difficulty as to exactly how to make the change?

A. I do not apprehend any great difficulty.

8227. Q. It is easy to make the change, but will there not be great anomalies owing to the variation of profits and losses?

A. You cannot help that at the commencement. There may be anomalies, but they will all right themselves in a couple of years.

8228. Q. Yes, that is why I suggested perhaps two years’ notice of the change?

A. But they would have to make the commencement at the end of two years. You must commence some time.

* * * * *

8242. Q. It would be a simplification?

A. It would be a simplification. People understand it better. As I say in my memorandum, they base their distribution of profit on the one year’s accounts, and they feel they should at the same time make provision for the liability to the State for each year out of its profits.

8243. Q. When a change of that sort is made, what will happen inevitably will be that some people will gain by it in the first year, and others will lose?

A. Yes, we cannot help that ; but all those anomalies would be righted in a very short time.

8244. Q. And you think the change would be agreeable to the commercial community ?

A. I think so."

T/349.

To

J. C. NIXON, Esq., I. C. S.,
Secretary to the Government of India,
Finance Department,
DELHI.

13th January 1921.

Sir,

Under the direction of the Committee of this Chamber I beg to send hereby their opinion with reference to your letter of the 1st December 1920, No. 3013-F:—

My Committee are agreeable to an amendment being made in the Income-tax Act of 1918 whereby income-tax may be finally assessed on the ascertained income of the preceding year. The present system gives rise to several complications and inconveniences to the commercial community and should be changed as proposed by the Government. The principal difficulty will, however, be experienced with regard to the transition period, that is the year 1920-1921. With regard to this, my Committee beg to suggest that as the provisional income-tax has already been taken on the basis of the preceding year adjustments should be allowed to be made in the assessment according to the accounts of this year. From the year 1921-1922 onwards profits of the preceding year may be taken as the basis of the income-tax of the succeeding year. My Committee are, in fact, of opinion that if a change in the Law is made, as proposed, it should not affect the provisional collections already made under the present Law which should be in due course finally adjusted under the terms of the

present Law, so that no injustice may be done to the assesseees under the present Law. The new legislation must be brought into force at once.

I beg, etc.,

J. K. MEHTA,

Secretary.

APPENDIX XXVIII

*Letter from the General Traffic Manager,
G. I. P. Railway Company.*

*Great Indian Peninsula Railway,
General Traffic Manager's Office.*

Bombay, 29th January 1921.

No. G. 2190.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

19, Bank Street, Old Telephone Buildings,

BOMBAY.

Sir,

I beg to draw your attention to the state of things existing at many up-country stations, especially in the cotton districts, when receipt of traffic by the Railway is restricted, and to suggest that it will be desirable that your Members should consider the position and endeavour to arrive at some arrangement as will improve matters and avoid the present scramble and expenditure that now occurs when the railway gates are opened for traffic.

2. I beg to attach a copy of the regulations governing the receipt of traffic at stations on the railway. When the receipts are in excess of what can be despatched, restrictions have to be placed on what can be received in the station premises. When he is in a position to receive, the Station Master gives notice of the number of bales or bags he will receive. When that number has passed the railway gates, they are closed.

3. Under existing arrangements when the railway is receiving traffic, there is a rush on the part of senders to get their goods into the station yard before the limit laid down by the Station Master is reached. The prices of carts go up by leaps and bounds. The approaches to station get congested and in the absence often of police control, there is a regular scramble to get into the station yard. These conditions are far from satisfactory and are involving the trade in much expenditure that might be avoided.

4. It seems to me that the arrangements might be bettered if merchants at the forwarding station would either form a Committee amongst themselves to allow to each merchant the number of bales or bags that he should bring into the station yard when such can be received, or that the merchants shall agree to apportion such a number between themselves. It may be necessary to revise such allotments periodically.

5. I shall be obliged if you will give the matter your consideration.

Yours truly,

Illegible.

Ag. General Traffic Manager.

Copy referred to in previous letter.

IV. Registration of Goods waiting despatch.—(G. 111/20,) Para-38 A, page 23, of the Goods Tariff, Part I-A, of 1919, should be altered to read as under :—

I. A sender, desiring to despatch goods by railway, will bring his goods into the railway yard and stack them on the platform in a manner described and in a position to be pointed out by the Railway company.

II. Should the quantity of goods tendered be in excess of the accommodation available the railway company will close its gates to the receipt of goods for despatch. The Railway Company will be the sole judge of when it is necessary to close its gates to the receipt

of goods traffic, but it will endeavour to give notice at 18 hours the previous evening of its intention to do so. When the Railway Company opens its gates for the reception of a limited quantity only of goods on any day, the quantity to be received will be stated in the notice referred to.

Station Masters must also be careful to give notice at 18 hours the previous evening of their intention to open their gates the next morning for the receipt of goods, and the gates should not be opened on any day unless this notice has been given. The notice must be in writing and posted in a conspicuous place in the goods shed, where all merchants can see it.

III. When a consignment is complete and ready for despatch the sender will tender a consignment note to the clerk appointed for the purpose; and the latter will enter the same in a register and give it a serial number which should be entered on the consignment note and will indicate the order in which the consignments have been offered for despatch to the Railway Company. The sender or his agent tendering the consignment note for registration must sign his name in the appointed column in the register, as evidence that he releases the Railway Company from all liability until the railway receipt is granted.

Should a consignment already tendered for despatch under a consignment note, be sold to another dealer, the entry under the old consignment note in the consignment note register must be cancelled and a new consignment note be prepared and registered in its proper turn.

IV. When wagons are available the consignment notes will be accepted from the sender and the consignments loaded according to the serial number marked on the consignment notes, subject to the proviso that—

- (1) When a consignment is such as can be forwarded by tranship train it may be forwarded out of turn as shown in

the consignment note register but in turn with any other road van consignment or it may be detained by the Railway Company to secure a wagon load.

- (2) When the consignment is of a perishable nature, it shall be despatched as soon as possible irrespective of order of registration.

V. A railway receipt will not be granted until the consignment has been loaded, separate receipts being given for each wagon load.

VI. The Railway Company will not be responsible for any goods that may be brought on their premises for despatch, until such time as they have been loaded and the railway receipt for the same given.

T 497.

10th February 1921.

To

The General Traffic Manager,
Great Indian Peninsula Railway,
BOMBAY.

Dear Sir,

With reference to your letter No. G.- 2190, dated the 29th January 1921, I have to inform you that it has been circulated amongst the members of the Chamber with a request that they will issue instructions to their upcountry agents to adopt, as far as possible, the method suggested in your letter.

Yours faithfully,
J. K. MEHTA,
Secretary.

APPENDIX XXIX.*Railway Police Committee.*

No. 785.

Home Department,

Secretariat, Fort,

Bombay, 21st January 1921.

To

The Chairman,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to enclose a copy of two lists of questions on matters arising out of the terms of reference to the Railway Police Committee. These questions, as the headings show, are intended primarily for Railway and Police Officials ; but it is hoped that they will prove useful to your Association, as indicating the scope of the inquiry and suggesting points on which your Association may desire to express views. The last question in each case is of a general nature.

2. I am to ask whether you desire to give evidence before the Committee on behalf of your Association or to depute a representative for the purpose. If so, I am further to ask that you will, in forwarding a written statement of the views of your Association, indicate whether it would be convenient for you or for the representative of your Association to meet the members of the Committee and discuss the questions involved with them at Bombay between the 24th and the 28th January 1921.

I have, etc.,

G. WILES,

Deputy Secretary to the Government of Bombay,

Home Department.

V.**QUESTIONS TO BE ANSWERED BY RAILWAY
POLICE OFFICERS.**

1. Do you consider that the system of having the watch and ward establishment under the Traffic Department works satisfactorily? If not,

what are the defects and what remedies would you suggest? Do you consider any improvement in the class of men enlisted desirable?

2. What is the system—

- (a) of checking goods at time of loading, unloading and transshipment ;
- (b) of supervising the staff employed in handling goods ;
- (c) of fastening and sealing wagons ;
- (d) of seal checking, and ;
- (e) of guarding loaded wagons in yards and on running trains.

Do you consider the systems in force satisfactory?

3. Are the lighting and fencing-in of goods sheds and transshipment sheds satisfactory?

4. Are pilferages or thefts from—

- (a) goods sheds of goods booked or unbooked ;
- (b) transshipment yards ;
- (c) goods trains ; and
- (d) passenger trains (luggage booked or unbooked) frequent on the length of railway in your charge and do the railway police take any cognizance of such cases, or measures to prevent such losses? If not, do you consider that they should do so?

5. Are pilferages from consignments of particular classes of goods :—
(a) arms and ammunition, (b) fresh fruit, (c) liquor, (d) fish—numerous on the length of railway in your charge?

What special arrangements are made for the protection of such consignments?

6. Are reports of shortages or missing goods from seal-intact wagons made to the railway police for enquiry?

What is the system in force with regard to the registration and investigation of such cases?

7. How far is such pilferage, as takes place, due to the act or connivance of the railway staff?

8. Are cases of shortages from wagons with broken seals registered and investigated as thefts immediately on report being made?

9. What are the arrangements in force regarding seal checking? What is the strength of the special force (if any) told off for this duty, and is it carried out at all stations and out-posts where there are railway police or only at the boundaries of jurisdictions?

10. Are railway police sent out at night with goods trains for the purpose of watch and ward? If so, please furnish brief particulars of the arrangements so made. If not, what measures are taken to prevent thefts from goods trains?

11. Are head constables and constables deputed as train guards with all night trains for the protection of passengers and their property? If so, what is the system in force? How many men are employed and for how many hours are they so employed? Is the system effective?

12. Are such guards deputed with day trains?

13. Are cases of forged currency notes received at stations or in cash offices, registered by the railway police? If not, how are such cases dealt with?

14. Is there much unreported loss or crime? If so, why are reports not made?

15. Is railway crime mostly the work of local thieves? Where do most offences occur as regards (a) passengers and their luggage, (b) goods (e. g., in stations, at goods sheds, etc.)?

16. Is there any want of co-operation between the railway and the district police in British India or in Native States?

17. Can you instance any cases of mal-practices on the part of railway and police subordinates which have come under your own immediate observations, and can you suggest any measures for checking such mal-practices?

18. Under what rules and by whose orders are members of the Railway Police Force at present recruited, transferred, promoted, etc., and do you consider that the system requires alteration? Is the quality of the officers and men satisfactory?

19. Is service in the railway police popular? Is the *personnel* interchangeable with that of the district police?

20. Are there complaints of too frequent transfers of gazetted officers?

21. Have you a system of fixed travelling allowance? If not, are you in favour of such a system for officers and men?

22. Are quarters provided for officers and men?

23. Is life in the railway police service regarded as unhealthy?

24. Are punishments or rewards more frequent than in the district police?

25. Are you of opinion that the present allocation, strength and working of the police are satisfactory? In what particulars, if any, are alterations required?

26. What railway police reserve is there, and have you any proposals to make regarding the sufficiency or allocation of the police reserves on the railway or railways with which you are connected?

27. Is there any want of co-operation between the members of the railway staff and the railway police, and are you aware of any ill-feeling between the subordinates of the two departments?

28. Is any more effective system of *liaison* possible, *e. g.*, by deputing railway officers to the railway police and police officers to the railway temporarily or by employing police officers permanently in the claims branch?

29. What are the principal difficulties encountered in railway police investigations? What have you to suggest for their removal? In particular have you reason to complain of (1) delay in reporting, (2) difficulties due to reference to other jurisdictions, (*e.g.*, district police or railway police of another division or province) or to railway authorities?

30. What are the rules regarding the investigation of cases occurring within railway limits and providing for the co-operation of the district police in the investigation of such cases? Are these rules satisfactory?

31. What is the present rule defining the limits of railway police jurisdiction and do you consider it satisfactory?

32. Have you any system for the special training of railway police officers and men? Do you think such a system is likely to give useful results?

33. Have you a special detective staff? If so, describe its organisation? Do you consider this system likely to improve detection?

34. What are the arrangements in force for the prosecution of railway cases? Are they satisfactory?

35. The railway police are at present organised on a provincial basis. Would any other system of organisation in your opinion be an improvement on this, *e.g.*, (a) imperialisation, (b) an organization which would take the railway system as the unit and make the Superintendent of Police for most purposes the Head of a Railway Department, (c) a system under which the railway police were amalgamated with the district police.

36. Are the railway police liable to be called on to provide special guards in times of unrest, strikes, etc.? If so, can such arrangements be made without interfering prejudicially with the general work of the railway police?

37. How are the Superintendent's charges distributed in your province?

38. Have you any further suggestions to make on matters germane to the present enquiry?

IV.

QUESTIONS FOR RAILWAY OFFICERS.

1. How are the members of the watch and ward establishment appointed and supervised?

2. From what castes are the men drawn, and is any enquiry as to character made before appointment?

3. Is an improvement in the class of men enlisted desirable?

4. Do you consider that the system of having the watch and ward establishment under the Traffic Department works satisfactorily? If not, what are the defects and what remedies would you suggest?

5. What is the system —

(a) of checking goods at time of loading, unloading and transshipment;

- (b) of supervising the staff employed in handling goods ;
- (c) of fastening and sealing wagons ;
- (d) of seal checking, and
- (e) of guarding loaded wagons in yards and on running trains.

Do you consider the systems in force satisfactory ?

6. Are the lighting and fencing-in of goods sheds and transhipment sheds satisfactory ?

7. Are pilferages or thefts from :

- (a) goods sheds of goods booked or unbooked ;
- (b) transhipment yards ;
- (c) goods trains, and
- (d) passenger trains (luggage booked or unbooked) frequent on your railway, and do the Railway Police take any cognizance of such cases, or measures to prevent such losses ?
If not, do you consider that they should do so ?

8. Are pilferages from consignments of particular classes of goods :
(a) arms and ammunition, (b) fresh fruit, (c) liquor, (d) fish, numerous on your railway ? What if any special arrangements are made for the protection of such consignments ?

9. Are reports of shortages or missing goods from seal—intact wagons made to the Railway Police for enquiry ? If not, how are such cases dealt with, and what is the system of investigation in cases investigated by the railway authorities ? What are the main difficulties encountered ?

10. What is the difference between the arrangements made for the safety of :—

- (a) goods at owner's risk, and
- (b) goods carried at railway risk ?

11. How far is such pilferage as takes place due to the act or connivance of the railway staff ?

12. Is there any want of co-operation between different departments of the same railway or between different railways in regard to claims ?

13. Are you of opinion that the present allocation, strength and working of the police on your railway are satisfactory? In what particulars, if any, are alterations required, in your opinion?

14. Is there any want of co-operation between the members of the railway staff and the railway police, and are you aware of any ill-feeling between the subordinates of the two departments?

15. Is any more effective system of *liaison* possible, *e.g.*, by deputing railway officers to the railway police and police officers to the railway temporarily, or by the employment of police officers in the Claims Branch of the Traffic Department?

16. Is any system of rewards in force in the Claims Department, *e.g.*, are rewards given for recovery of goods

(a) in proportion to the value of goods recovered;

(b) out of the sums set apart by the railway administration to cover claims,

(c) out of fines?

17. Are fines imposed as punishments by the railway authorities in cases where negligence or connivance in regard to losses is proved or suspected?

18. Is there much unreported loss or crime? If so, why are reports not made?

19. The Railway Police are at present organised on a provincial basis. Would any other system of organization, in your opinion, be an improvement on this, *e.g.*, (a) imperialisation, (b) an organization which would take the railway system as the unit and make the Superintendent of Police for most purposes the Head of a Railway Department; (c) a system under which the railway police would be amalgamated with the district police.

20. Can you give any instances of malpractices on the part of railway or police subordinates which have come under your own immediate observation? and can you suggest any measures for checking such malpractices?

21. Have you any suggestions to make on any other points germane to the enquiry?

No. 408.

25th January 1921.

To

G. WILES, Esqr.,

Deputy Secretary to the Government of Bombay.

Home Department, BOMBAY.

Sir,

I am directed to acknowledge receipt of your letter of the 21st instant, No. 785. My Committee deeply regret that such an important communication should have been sent to them at such a late hour. Your letter was received on the 24th instant and my Committee find it impossible to send their written evidence before 28th instant. Nor will it be possible, under the circumstances, to send their representative for purposes of oral evidence before the Committee. Many of these questions are useful and important to the commercial community and my Committee would have sent their views if there had been sufficient time. It appears from the questionnaire that it was but an afterthought to invite the opinion of the commercial community, as the two divisions are meant only for Railway Police Officers and Railway Officers. The question of theft on Railway premises is of great importance to the Commercial Community and a questionnaire should have been specially prepared for Commercial Associations instead of leaving them to reply to the questionnaire prepared for Railway Police Officers and Railway Officers.

I beg, etc.,

J. K. MEHTA,

Secretary.

No, T/412 of 1921.

Dated 25th January 1921.

Copy forwarded with compliments to the Secretary, the Railway Police Committee, Town Hall, Bombay, for favour of information.

(Sd.) J. K. MEHTA,

Secretary.

No. E-11.

To

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Camp Bombay, January 27th, 1921.

Sir,

With reference to your letter No. T 408, dated the 25th January 1921, to the Secretary to the Government of Bombay, Home Department, I am to express regret that it should not have been possible to give the Indian Merchants' Chamber and Bureau enough notice of the sittings of the Committee.

2. The Committee hope, however, that it may be possible for the Indian Merchants' Chamber and Bureau to give them its views in writing. The main points on which opinion is invited are given in the enclosed list.

I have, etc.,

H. C. HUNT,

Secretary,

Railway Police Committee.

P. S.—The Committee will be in Madras from February 1st to 8th and in Calcutta from February 11th to 18th.

List of questions.

- (1) What is the number of members of your association?
- (2) Are the members firms or individual members of firms?
- (3) In what classes of consignments are the members mainly interested?
- (4) In what classes of consignments are complaints of pilferage, theft or shortage most common? and on what Railway?
- (5) Are these consignments mainly sent (1) by passenger train or goods train; (2) at Railway risk or owner's risk?

(6) Are complaints increasing in number? If so, can any explanation be given?

(7) If complaints are common have you any suggestions as to the measure which should be adopted to give greater security?

(8) Do you consider that goods stations are adequately lighted and fenced?

(9) At what stage do you suspect that pilferages, etc., are generally made?

(10) Do you send your own men to book the consignments, see them into the wagon, and take delivery?

(11) Have you any complaints about specific malpractices, e.g., pressure brought to give clear receipt without examination of goods, etc.

(12) Have you any suggestions to make about the arrangements for the safety of passengers?

(13) Do you consider that the treatment and investigation of claims is satisfactory? Is there any special complaint as to particular classes of claims? Are claims promptly dealt with?

(14) Have you any suggestions to make for the improvement of the methods of dealing with claims?

(15) Have you any other suggestions to make germane to the enquiry?

T/713.

8th April 1921.

To

H. C. HUNT, Esquire,

Secretary, Railway Police Committee,

CALCUTTA.

Sir,

With reference to your letter No. E-11, dated the 27th January 1921, I enclose herewith the views of my Committee on the points contained in the list of questions enclosed with your letter under reply.

I beg, etc.,

J. K. MEHTA,

Secretary.

Question No. 1. The number of Members of this Chamber is 527.

Question No. 2. Members are both firms and individual members of firms.

Question No. 3. Cotton, Yarn, Piece-goods, Coal, Seeds, etc. etc.

Question No. 4. Complaints of pilferage are common with regard to cotton, yarn, piece-goods, coal, seeds, petrol, fruits, etc. Complaints are received with regard to almost all the railways.

Question No. 5. Consignments are mostly sent by goods trains at owner's risk and at times at railway's risk. Fruits are sent by passenger trains.

Question No. 6. There is a general complaint from traders and merchants dealing in cotton, cloth and coal that the consignments are frequently tampered with and at times lost altogether. For instances have come to the knowledge of the Committee of consignees having been compelled to accept goods (in case of cotton and coal specially) of inferior and at times different quality instead of goods originally booked. Sometimes, it happens that consignees of coal do not get their deliveries even though they may be holding railway receipts ; in such cases the only alternative for them is to wait for months together, to recover their claims from railway companies, and if they do not succeed they are compelled to take legal steps. My Committee cannot say if complaints are increasing as there has been always a great number of complaints against railway companies.

Question No. 7.—Proper watch and regular check should be maintained at destination stations and more particularly at Junction stations where goods are transhipped.

Question No. 8.—There are no satisfactory arrangements either for lighting or protective compounds for goods depots and sheds.

Question No. 9.—Pilferages are generally made while the goods are lying in goods depots and sheds. Cases of thefts on running trains are less numerous than cases of such thefts of goods at stations or junctions.

Question No. 10.—Merchants send sometimes their own men to book the consignments and take delivery but generally this work is done by their Muccadums.

Question No. 11.—Such complaints are common.

Question No. 12.—Proper Police supervision is required on all running trains but care should be taken that the Police placed on duty are specially selected men known for their honesty and good behaviour as otherwise the remedy may prove worse than the disease. For female passengers Female Guards should be posted in their compartments as it is very difficult for the Guard in a running train to hear the cries of distress raised by female passengers. The emergency chains are several times found out of order and even when in order it requires a strong man to pull them down to stop the train. The chain frequently even gives way in the process of being pulled down. Instructions should be therefore given to all the railway companies to keep these chains in proper order and to have regular tests made of them occasionally. Instructions should also be issued for having removable foot-boards attached to female compartments, so that as soon as a train leaves a station, the foot-board can be lifted up with a mechanism to be operated upon by the Guards. Lighting also is defective in several trains facilitating thefts.

Question No. 13.—The treatment and investigation of claims is not satisfactory. Indifference is manifest towards complaints and in almost all cases a great deal of delay takes place with regard to their disposal. At times no replies are received except bare acknowledgments.

Question No. 14.—My Committee suggest the appointment of a small Committee consisting of representatives of the European and Indian Chambers of Commerce and Railway officials. This Committee may examine the settlement of different claims and in cases of dispute between the railway authorities and traders or special complaints of traders may give their decision with regard to the points involved. Such Committees may be appointed in all the principal commercial towns. If there are no Chambers of Commerce, representatives of commercial Associations may be appointed.

APPENDIX XXX.

*Representative of the Chamber and the Advisory Committee of the
Bombay Development Department.*

No. S. A. 397.

Dated the 28th January 1921.

To

The Secretary,

Indian Marchants' Chamber and Bureau.

Sir,

I am directed to forward herewith a copy of Government Order No. S. A.-394, dated the 28th January 1921, and to request you to move your Chamber to elect one representative from amongst its members to sit on the advisory committee which Government have decided to appoint for Bombay City, and to report to Government at an early date the name of the member elected.

I have, etc.,

P. W. MONIE,

Secretary to the Government of Bombay,
Development Department

*Development of Bombay and the Suburban
Area.*

Constitution of two advisory committees
one for the City of Bombay and the
other for the Bombay Suburban
Revenue Division, in connection with
the Bombay Development Scheme.

Government of Bombay.

DEVELOPMENT DEPARTMENT.

Order No. S. A.—394.

Old Custom House Yard, Fort, Bombay.

Dated the 28th January 1921.

ORDER OF GOVERNMENT.

The Select Committee appointed to consider Bill No. VII of 1920
(a Bill further to amend the City of Bombay Improvement Act, 1898, and

the City of Bombay Municipal Act, 1883) recommended in paragraph 3 of its report dated the 5th September 1920 on the Bill that two advisory boards should be constituted in connection with the Bombay Development Scheme, one for the City of Bombay and the other for the Bombay Suburban Revenue Division. At the meeting of the Legislative Council held on the 29th September 1920, Government promised to consider this recommendation.

2. The Governor in Council is now pleased to appoint two advisory committees, one for Bombay City and the other for the Bombay Suburban Revenue Division, for a period of three years in the first instance and to direct that its constitution should be as follows :—

(I) *For Bombay City.*

Two members to be elected by the Municipal Corporation, Bombay. One member to be elected by the City of Bombay Improvement Trust. One member to be elected by the Chamber of Commerce, Bombay. One member to be elected by the Millowners' Association, Bombay. One member to be elected by the Indian Merchants' Chamber and Bureau.

(II) *For the Bombay Suburban Revenue Division.*

One member to be elected by the Bandra Municipality. One member to be elected by the Kurla and Ghatkopar-Kirol Municipalities. One member to be elected by the Notified Area Committees in the Bombay Suburban District.

The Director of Development, or in his absence the Deputy Director of Development, should preside at meetings of the Committees which should normally be held once in a month. The Director should arrange for the Committees to deliberate jointly whenever that seems desirable.

3. The functions of the Committees should be to advise the Director of Development on questions referred by him to the Committees and to put forward suggestions on any matters relating to the general development of Bombay and of the Suburban area, respectively. All such recom-

mendations and suggestions should be recorded in the proceedings of the Committees which should be treated as confidential.

4. In the event of disagreement on important questions between the advisory committees and the Director, the Committee concerned should be entitled to record a formal resolution asking that the matter be referred to Government for orders, and the Director of Development should comply with any such resolution.

P. W. MONIE,
Secretary to Government.

No. T/526.

18th February 1921.

To

The Secretary to the Government of Bombay,
Development Department,
BOMBAY.

Sir,

With reference to your letter No. S. A. 397, dated the 8th January 1921, I am directed by my Committee to say that they have nominated Mr. Lalji Naranji (Chairman) as their representative on the advisory committee referred to in your letter under reply.

I beg, etc.,
J. K. MEHTA,
Secretary.

APPENDIX XXXI.

The International Credit Scheme.

No. 2960-F.

Government of India.
FINANCE DEPARTMENT.

To

The Secretaries of all Chambers of Commerce.

Delhi, the 20th November 1920.

Sir,

I am directed to enclose, for the information of your Committee, 6 copies of the Report of the Delegates for India to the recent International Financial Conference held at Brussels.

2. It is understood that the resolutions accepted by the Conference will shortly be considered by the League of Nations, and meanwhile the Government of India will be glad to receive any observations which your Committee may desire to offer with regard to them. It will be observed, however, that most of the resolutions merely register the unanimous adherence of the Conference to certain canons of sound public finance, and set forth certain generally accepted principles, in the light of which India may justly claim that her public finance has been consistently administered.

3. Apart from the recommendations of general application, this country is specially interested in those relating to international credits, and I am particularly to invite the attention of your Committee to the scheme referred to in paragraph 8 of Appendix A, Enclosure IV, and set forth as Annex. A thereto. The Government of India are disposed cordially to welcome any endeavour to work out a scheme of international credits, the importance of which to India's export trade need not be emphasised. They think, however, that it is essential that for any such scheme to be of practical value, so far as India is concerned, the bonds in question must be fully negotiable, and for this reason your Committee will probably agree with them that the amplifications suggested by Sir Marshall Reid, as printed in Appendix H, are an improvement.

4. The present depression in the export trade is no doubt partly due, in the case of some exports, to the existence of large unused stocks in foreign countries, but, in the case of other exports, it is probably due to the lack of credit facilities. It is as regards the latter class of exports that a scheme such as that put forward at the Brussels Conference may be of value. I am accordingly to invite the opinion of your Committee, firstly, as to how far any such scheme is likely to assist the various export interests represented in your Chamber, and secondly, whether your Committee have any criticisms or suggestions to make regarding the practical details of the scheme adumbrated by Sir Marshall Reid in Appendix H. In the event of a scheme on such lines proving practicable and finding general acceptance among the nations represented at the Conference, the Government of India will then consider the question of participating therein to the extent

of accepting responsibility for some definite share of the international guarantee.

5. The Government of India have expressed to the Secretary of State their appreciation of the able way in which India was represented in Brussels by her delegates, Mr. H. F. Howard, Sir Marshall Reid and Sir Fazulbhoy Currimbhoy.

I have, etc.,

E. M. COOK,

Officiating Secretary to the Government of India.

No. T. 573.

4th March 1921.

To

E. M. COOK, ESQ., C. I. E., I. C. S.,

Officiating Secretary to the Government of India,

DELHI.

Sir,

I am directed to acknowledge receipt of your letter of the 20th November 1920 enclosing report of the Delegates for India to the International Financial Conference at Brussels.

You mention in para. 4 of your letter that the present depression in the export trade is

(a) partly due to existence of large unused stocks,

(b) partly to lack of credit facilities,

and you invited the opinion of my Committee as to firstly, how far the scheme in Appendix II is likely to assist the export interests, and secondly, whether my Committee have any criticisms to make or suggestions to offer.

My Committee have given careful consideration to the above and are of opinion that the depression is due to the elimination of the enormous purchasing power that was represented by the war requirements of the various belligerent Governments; and that the substitution of this enor-

mous purchasing power by other purchasing power of comparable magnitude would be needed to get rid of the commodities that have been set free by the cessation of war demands.

This seems impossible and therefore the depression must cure itself by compelling new supplies to be restricted to the prospective purchasing power.

Meanwhile such purchasing power as may exist potentially has to be made effective by suitable measures. But the measures advocated in the scheme do not go to the fundamentals. It seems to be assumed that the money to pay for imports is there and it is only necessary to prove some sort of Bank Credit arrangement to get over the hesitation and distrust of the sellers in the exporting countries. This is not a correct diagnosis of the situation. The money to pay for imports is NOT there in the requisite amounts. By "Money" here is to be understood "Exchangeable Commodities." If the importing countries had a sufficiency of exportable commodities to give in exchange, then the present banking machinery of the world would be able to cope with the situation and a way would be found to exchange the commodities requiring to be imported. But this is not the case. The situation to-day is that a country, say Roumania, is badly in need of say 200 millions worth of commodities from other countries and has presently only say 100 millions worth to offer in exchange. What is therefore wanted is to provide Roumania with the MEANS of purchase for these additional 100 millions. Roumania has many potentially very valuable assets *i.e.* its forests, oil fields, mines, etc. and if it could be arranged to create bonds against these, Roumania would have the present means of paying for the additional 100 millions. The scheme contemplates such bonds but only as collateral, not as the *cash* that is to pay for the exports.

In this my Committee feel the Scheme fails to appreciate the real difficulty—the want of the cash—and fails to provide for it and my Committee therefore feel that the proposed Scheme if useful at all will be of extremely limited usefulness.

What is really required is to provide countries like Roumania with this cash in the shape of long or short term loans the money so provided being

used solely for the purchase of necessary imports. Then alone will it be possible for banks to find the necessary cover for the bills offered against the additional 100 millions of commodities that Roumania needs.

Before anybody can contemplate the advance of this 100 millions he would require the assurance that the money that he lends will not be seized by other creditors against other debts previously incurred by Roumania of whatever kind.

To give an instance from ordinary commerce nobody will advance further funds to a man that is insolvent however great his abilities otherwise may be until this insolvent either goes through the insolvency court and then starts with a clean slate, or compounds with his creditors and frees himself from further pressure on their account.

Therefore what will have to be done in the hypothetical case of Roumania mentioned above is that its other creditors should compound with it in such a way that it may be possible for a new party to consider it reasonably safe to make further loans to Roumania. In other words the Allies that have made very large loans to Roumania should agree to either forego interest and agree to postponement of repayment of loan for a fixed period say 20-years or fund the interest and postpone the total liability, and should agree to give priority to such loans as may be hereafter made to Roumania for raw materials, machinery, etc.

This question bristles with difficulties and has evidently been shelved by the Brussels Conference owing no doubt to the great difficulty of getting Roumania's present creditors to forego or postpone any part of their claims. Hence we have this credit scheme which as we point out above will be quite inadequate to the needs of the situation. Having said this we shall now examine the scheme submitted by Sir Marshall Reid. This scheme contemplates—

- (1) the creation of bonds by Roumania on approved assets,
- (2) the handing over of these bonds to the central commission,
- (3) the issue by the central commission of its own bonds on the security of (2),

- (4) the creation of a guarantee fund to which exporters or importers could subscribe and could thereby be entitled to, say, 10 times the amount of their shares in the shape of C. C. Bonds named in (3).

With the above modifications the rest of the scheme in annex. A appears to be adopted by Sir Marshall Reid. The remaining steps are—

- (5) the pledging of the C. C. Bonds by the importer in Roumania to the exporter say in India who will hand them as collateral to his banker when selling his bill on Roumania ;
- (6) the return of the C. C. Bonds by the exporter on completion of the transaction in Roumania by the payment of the export bill on due date :
- (7) failing such payment the selling of the Bonds held as collateral. (It is not clear what is to constitute failure to pay. The Roumanian importer may have money ready in his own currency but might be unable to get the necessary exchange. Further it is not very clear from Appendix H whether selling of the C. C. Bonds is contemplated by Sir Marshall Reid or only presentation to the Central Commission of the claim for the unpaid export bill.)

These are the most important steps in the scheme, the others being matters of detail. Now my Committee are unable to see how the creation of such bonds will provide banks with the necessary cover before they can buy the Indian export bill. If Roumania has not the additional 100 millions worth of commodities to offer in exchange, the cover will not be there and the banks will not buy the export bill without such cover.

Then again in case of failure on the part of the Roumanian importer the collateral is to be sold. My Committee very much doubt if such sales would be practicable, in any quantity or at any reasonable price.

If such bonds cannot be realised to meet the draft the banks will have recourse to the exporter. How is he to find money.

My Committee consider the scheme unworkable on the above grounds. They therefore do not wish to dilate upon the other impracticable aspects of the scheme such as requiring each individual importer to furnish proof that he had previously obtained the express permission of the International Commission to enter into a particular transaction.

My Committee believe that if any real practical step is intended to be taken by this country it should be something similar to what America is trying to do namely the creation of a Finance Corporation with sufficient capital resources and borrowing powers to be able to raise the necessary funds from which the exports of Indian raw materials to Roumania could be financed and a sufficiently long credit be given to Roumania to repay it.

For this purpose my Committee would suggest calling together a committee of bankers in this country and asking them to see whether a solution of some kind similar to that being attempted in America is possible here or not.

A short note on the American scheme is herewith attached for reference.

If such a bankers' Committee is called together they might be asked to consider some suitable scheme of credit insurance as this kind of insurance is also a necessity of the present situation. If this suggestion is taken up my Committee will be pleased to submit their further views on the matter.

I beg, etc.,

J. K. MEHTA,

Secretary.

NOTE ON THE AMERICAN SCHEME.

THE ECONOMIST.

New York, December 13.

An event of far reaching importance to European and other foreign countries, as well as to United States, was the successful launching in Chicago last week of the \$ 100,000,000 Foreign Trade Financing Corporation. From all sections of this country representatives of banks, manufacturers, exporters, farmers, and others interested in foreign trade met in that city in response to the call issued by the American Bankers' Association, and definitely decided to form the corporation. That the undertaking is meeting with immediate and widespread support is indicated by the fact that the conference unanimously adopted the report of the committee on plan and scope, and a subscription of \$ 100,000 which the committee requested for underwriting the work of organising was obtained in a few minutes. Furthermore, the Illinois Manufacturers' Association has pledged \$ 500,000 towards the capital stock of the corporation, with the announcement that it will double that amount if necessary. In accordance with the terms of the Edge Law, under which the new corporation will be formed, 25 per cent. of its authorised capital stock of \$ 100,000,000 must be paid in at the commencement of business, and 10 per cent. of the balance every 60 days thereafter. Present indications are that the necessary capital will be quickly supplied. A special committee of nine appointed by an organisation committee of thirty, is scheduled to meet in New York shortly to elect officers, choose a board of Directors, and outline the first steps to be taken by the corporation. It is expected that the latter will be ready for active operations next month. The committee of nine is headed by John McHugh, of this city, chairman of the Marine and Commerce Committee of the American Bankers' Association, and also chairman of the committee of thirty named to supervise the formation of the corporation. Other members of the latter committee, many of whom are well known on your side and in other countries are Herbert Hoover, Paul Warburg, Charles H. Sabin, Fred. I. Kent, A. C. Bedford, George F. Smith, and Louis E. Pierson, all of New York ; John S. Drum, of San Francisco ; James Forgan, Thomas E. Wilson, Arthur Reynolds, Alexan-

der Legg, and Joseph de Frees, of Chicago ; F. O. Watts of St. Louis ; J. R. Howard, of Clinton, Iowa ; J. B. Culberson, of Wichita Falls, Texas ; Levi L. Rue of Philadelphia ; Phillip Stockton, of Boston ; Osacr Wells of Birmingham, Ala ; Julius H. Barnes, of Duluth Minn ; Herbert Myrick, of Springfield, Mass. ; John S. Lawrence of Boston ; E. M. Herr, of Pittsburgh ; Roy D. Chapin, of Detroit ; John S. Raskob, of Wilmington, Del. ; Charles A. Hinch, of Cincinnati, O. ; Peter W. Goebel, of Kansas City, Kan. ; Thomas B. McAdams, of Richmond, Va. ; and John Sherwin of Cleveland, O. Reasons why this corporation—the largest banking business ever organised—is being formed, and its plan of operation are clearly and concisely stated by a member of the above committee. “ Foreign nations, and European nations in particular,” he said, “ impoverished by the last six years, have no further liquid assets with which to pay for our goods. Our manufacturers and producers are unable to accept long-term payment and thus tie up the money invested in producing the goods over a period of years. The only way in which this diverse position of the two parties to the transaction of our exporting can be adjusted is through an agency capable of accepting the offers for long-term payments from foreign nations, and advancing the money on them immediately to the American producer and manufacturers. This is a task beyond the scope of the ordinary commercial bank of this country whose assets must always be in readiness for demand.” The plan which has now been decided upon, he added, calls for “ a single institution, national in its scope and control, of great financial power, operating under the supervision of the Federal Reserve Board and in accordance with the terms of the Edge Law, which shall receive foreign securities and, by selling debentures against them to the American investor, furnish to the American producer and manufacturer immediate payment for his exports. The plan is for an institution of sufficient magnitude to take the place in relation to our foreign business that the Federal Reserve Board occupies with respect to our domestic business.” One of the avowed objects of the new corporation will be “ to demonstrate to the American people the fundamental soundness of foreign investment and its need.” At the Chicago conference it was decided that the extension of credit should be confined to countries where there is a stable Government,

and where there is an assurance of integrity of purpose ; and that the operations of the corporation should be confined to financing for the benefit of future foreign trade. All agricultural, manufacturing, financial and labour interests will be urged to give the new corporation their financial and practical co-operation. The representative of one of the leading financial institutions identified with the movement characterises the enterprise as "the thing most necessary for the re-establishment of confidence, both in Europe and United States, and to keep business going sanely and labour properly employed."

COMMERCE & FINANCE No. 50.

December 15, 1920.

1787.

FINANCING PLANS :—Report from Atlanta states that the Federal International Banking Co., proposed at the Bankers' Convention in New Orleans last month, is almost ready for business. The minimum capital stock of \$ 6,000,000 has been over-subscribed and a call has been issued by R. S. Hechet, President of the Hibernia National Bank of New Orleans, for a meeting of the permanent organization committee on December 17 at New Orleans.

The organization will not engage directly in the sale of cotton or other commodities, but with its capital and facilities will help to provide a market for cotton and other southern products by arranging and extending credits. Under the law the bank may issue debentures or sell acceptances to ten times the amount of its capital.

Atlanta also reports the organization of the American Products Export and Import Corporation, capitalized at \$ 10,000,000. Its purpose is to export Southern products, chiefly cotton, to foreign markets. Details are on page 179c.

Chicago reports that the formation of a \$ 100,000,000 foreign trade financing corporation under the Edge Act for the purpose of revitalizing the foreign trade of United States has been made a practical certainty at the conferences of late last week. According to these reports the formal organization can be expected early in 1921.

APPENDIX XXXII.

Trade Depression.

No. T/553.

25th February 1921.

To

The Secretary to the Government of India,

Finance Department,

DELHI.

Sir,

I am directed by my Committee to address the Government of India in the matter of the present depression of trade. At no time in the past India had to face such a gloomy outlook as at the present moment. The Government must be aware of the acute feeling in this respect through the newspapers and through the many resolutions passed by public bodies reciting that Members should not take or honour drafts under present conditions except at certain rates of exchange. My Committee do not intend in this representation to pass any judgment or to prejudice any issue arising from such resolutions. They, however, earnestly wish to bring to the notice of the Government a state of affairs that calls for immediate consideration of remedial measures.

I am directed by my Committee to point out that very large stocks of imported goods have accumulated and that the whole channel of trade has been blocked up owing to a conjunction of several causes each of which would have sufficed to bring a general trade disaster. The situation in the matter of export is no better and it appears no general improvement can take place by any spontaneous action of any section of the commercial community. On the contrary my Committee apprehend that if this situation is allowed to get out of hand there may develop a crisis of first magnitude. Credit machinery is already breaking down and intercourse between this country and the United Kingdom in the matter of import and export is being brought practically to a standstill. It is a situation which may bring a great disaster on this country and which will affect all parties con-

cerned including manufacturers and merchants of the United Kingdom and the reaction on the Indian Finance and on the Government's loan programme will not be less harmful.

My Committee are certain that this situation could not have escaped the notice of the Government and that the Government must have under consideration remedial measures. If so my Committee are surprised that they have not been consulted as to lines of action to be taken by the Government. Should the Government have not realised the seriousness of the situation or the responsibility falling on their head to take some steps my Committee respectfully beg to point out that in case of similar crisis in the United States, in Japan, and in case of difficulties of a much minor magnitude in the United Kingdom itself, the Governments of these countries have always come forward to help the trade and prevent disaster.

My Committee venture to say that Government cannot dissociate themselves altogether from responsibility for the present situation. In abnormal times Government did not refrain from interfering with the working of economic forces. The very action that they took last year in the currency and financial arrangements of the country, in spite of general Indian opposition, has largely brought present deplorable conditions. My Committee submit, therefore, that Government's duty towards saving the trade and industrial interests of the country from a complete breakdown and collapse is all the greater. In the meanwhile my Committee await most anxiously to learn what measures, if any, they have thought of, and by what machinery and at what time the Government intend to put such measures into operation.

I beg, etc.,

J. K. MEHTA,

Secretary.

T/554, dated 25th February 1921.

Copy sent to Department of Commerce.

*Telegram from the Finance Department, Government of India,
Delhi dated 2nd March 1921.*

To

Inchambu Bombay.

Government of India received yesterday your letter 25th February in which your Committee inquire steps Government are taking to remedy present depression of trade. Your Committee state that if situation gets out of hands crisis of first magnitude may develop and point out that Governments of other countries have always come forward to help trade and prevent disaster. They further express surprise that they have not been consulted as to action to be taken by Government. Your Committee will now have seen from Finance Member's Budget speech of yesterday that Government fully realise existence and extent of present trade depression. Reasons have been given in that speech why Government feel that no action on their part can effect a radical cure though they are anxious to adopt any possible palliatives such as system of international credits about which your Committee have already been consulted. Your Committee state that present state of affairs calls for immediate consideration of remedial measure but they have refrained from indicating what measures on the part of Government they consider feasible. Government of India will therefore be glad to be favoured immediately with expression of opinion from your Committee as to precise measures which they have in mind. Government have fully explored position and have so far been unable to discover any radical cure nor intend any palliative other than the fostering of a system of international credits a matter which they themselves pressed on their representatives at the Brussels Conference before the Conference sat. Should your Committee be able to suggest any practicable course of action which promises to accelerate revival of trade any such suggestion will be at once considered. Finance.

APPENDIX XXXIII.

The Budget of the Government of India for the year 1921-22.

No. T/573.

Bombay, 3rd March 1921.

To

The Secretary to the Government of India,
Finance Department,
DELHI.

Sir,

Under directions of the Committee of this Chamber I beg to send to you herewith their suggestions regarding the Financial Statement sent into the Legislative Council on the 1st instant by the Honourable the Finance Minister.

Item No. 22. My Committee fail to understand why cotton twist and yarn should be left on the free-list when piece-goods have been charged 11 per cent. They beg to point out that the bulk of the imported yarn is of finer counts and is ultimately for consumption by the well-to-do classes and could rightly be brought under the 11 per cent. tariff. They do not overlook the fact that some of the yarn is used by the Indian mills to weave into cloth and that such cloth is subject to $3\frac{1}{2}$ per cent. Excise duty. They, therefore, suggest that all yarn should be chargeable at 11 per cent. subject to rebate of the excise where such yarn has been used by Indian mills for weaving into cloth.

Item No. 26. Animals should be taken from duty-free articles and placed in the class of articles of luxuries, that is, should be charged at the rate of 20 per cent. The imports of animals consist mainly of horses and my Committee believe that the ultimate buyers are the wealthier classes who are in a position to pay 20 per cent. duty.

Diamonds (item No. 80) included under precious stones unset and imported cut should be placed in the class of luxuries and charged with 20 per cent. duty.

Stone and marbles (item No. 115), Toilette requisites (item No. 116), Works of Arts (item No. 98), Jewellery and Jewels (item No. 104), Perfumery (item No. 109), Soap (item No. 113), all these are and should be treated as luxuries and charged with 20 per cent. duty.

The sur-tax on goods traffic should not be so much per maund but a certain percentage on the freight bill itself. The classification fixed by the Government may be retained with different percentages charged on each class; the percentage may be so fixed as to secure the revenue budgetted for as expected from this source.

My Committee beg strongly to urge the abolition of Excise duty on Indian made cotton piece-goods. They need not go into all the arguments concerning this question as they believe that the Government of India themselves have realised and appreciated long since that the mass of Indian opinion is against the continuance of the Excise duty on cotton piece-goods. The time has now arrived when the Government of India must take the important step of removing this invidious duty which is an unfair burden on the local piece-goods industries.

My Committee feel that no case is made out for effecting increases in the postal rates. In view of the necessities of the situation my Committee have not objected to the other taxation proposals made by the Government but with regard to this tax they are of the firm opinion that the increases in postal rates will press heavily on the poorer classes and the tax on newspapers in particular will greatly retard the work of progress and education for which there should be greater and wider scope now. The one-pice post card has become almost a national institution specially with the poor to whom it was the only means of communication that was within their very slender means. The abolition of the half anna postage for letters and charging one anna for them in future will also act detrimentally. The people of this country are yet beginning just to appreciate the advantage of Books and Newspapers and the suggestions of the Government for lessening the facilities for them instead of giving them additional facilities cannot but be considered extremely injurious to the educational and political progress of the country. Similarly the

abolition of the now popular five rupee money order will be a great hardship for the poorer classes. Taking all these facts into consideration my Committee are of opinion that the postal rates should be allowed to be as they are.

The changes proposed by my Committee will involve remission of some taxes and a loss of some revenue to the Government. This loss will however be made up, in the opinion of my Committee, from the additional duties my Committee have suggested for several articles..

My Committee beg strongly to urge retrenchment in the heavy military expenditure which has risen up to the prodigious figure of 62.20 crores. Unless steps are taken to effect a retrenchment in this item the Indian public will have always the sword of Democles hanging over their heads and there will be no possibility of increased expenditure on education, sanitation and other needs of the country where more money is very, badly wanted.

I beg, etc.,

J. K. MEHTA,

Secretary.

Telegram from the Government of India, Finance Department, Delhi.

To

Inchambu Bombay.

Your Letter No. T. 573 dated 4th March regarding Additional Taxation it is Government's intention to propose reference of Taxation Bill to Select Committee and your letter will be laid before that body for consideration. It cannot be stated definitely when Select Committee will meet but so far as can be seen at present this is likely to be on 17th and 19th. Finance.

APPENDIX XXXIV.

Chamber's Representation on the Bombay Port Trust.

T. 555.

25th February 1921.

To

The Chief Secretary to the Government of Bombay,

BOMBAY.

Sir,

I am directed by my Committee to draw the attention of the Government of Bombay to the acute dissatisfaction felt by Members of our Chamber with reference to their transactions with the Bombay Port Trust generally and with reference to representation of the Chamber on the Bombay Port Trust in particular.

At the outset my Committee wish to convey to Government their firm conviction arising out of the observation and experience of their representatives and out of actual results and the various steps taken from time to time by the Bombay Port Trust contrary to the opinions and declared wishes of the Indian public, that there is no possibility, under the present system, of making any impression on the work of the Bombay Port Trust or getting any redress for various grievances of Indian merchants and the Indian community, or of securing adequate safeguard for their interests in the future unless there is a clear majority of Indians representing various interests. My Committee wish respectfully to urge that this attempt is not only in keeping with the pronouncements from the highest quarters on similar issues but would be justified even on calculating commercial, financial and industrial interests of the Indians in the trade of Bombay and in the activities of the Bombay Port Trust.

My Committee would request Government not to regard this as they would regard the usual political demands since this is based not on any theoretical idea of justice or discrimination but on purely practical issues as are affecting the life and activities of the public in Bombay.

My Committee wish to point out that the constitution under which the Bombay Port Trust is at present working is altogether antiquated and out of keeping with the growth of commercial and other interests in the City. My Committee desire to point out that the affairs of the Port Trust have expanded to such magnitude and are spread out in so many directions affecting the commercial activities of this City that the defects of the Constitution become all the more evident in practical affairs.

The Government of Bombay would be aware that the Indian Merchants' Chamber has now been of many years' standing and has expanded into a really representative body of commercial interests in Bombay, for every commercial Association in Bombay is either affiliated or is in close working arrangement with this Chamber, and all important issues of public character involving negotiations with the Government or with the Public Departments are worked through this Chamber. The importance of the standing of this Chamber, I am directed to point out, is not for us to mention in detail, but would be evident by the fact that in every important Council—Provincial or Imperial—our Chamber has got representation, that Members of the Imperial Government dealing with any questions which touch commerce such as public finance, currency, railways, commercial intelligence, etc., pay regular periodic visits and consult with our Committee, and the Imperial Government in every important question takes particular care to ascertain our views.

Since the last decision on the question of Port Trust representation taken in the year 1909 many changes have occurred in Bombay involving larger concentration of Indian interests in the Members of this Chamber. At that time it was presumed that this Chamber would not be big enough or general enough in interest to be regarded as a central commercial Chamber. The arrangement then arrived at was in itself unfair as it made this Chamber's representation on the Bombay Port Trust alternate with Associations like Piece-goods Merchants, the Grain Dealers and the Millowners'. All the same my Committee wish it to be understood that they support the principle and practice of the existing representation of these three Associations which they will like to see continued notwithstanding anything contained in this representation.

My Committee regard this arrangement as very anomalous because they know by experience that it takes a new Member several months to get acquainted with the routine and the affairs of the Port Trust and to know enough details to be able to give useful advice or suggestions from the standpoint of the Indian commercial community at the time important decisions are taken in the Meetings. The system of rotation is very unfortunate as it takes away the entire value of the suggestions and co-operation of responsible representatives of this Chamber. What is necessary now is to secure not only continuous but adequate representation. I am, however, directed to point out that my Committee regard this matter as of great urgency in view of the fact that the office of our present representative terminates on the 31st of March and that after that date this Chamber will be absolutely unrepresented on the Bombay Port Trust. My Committee feel that the Government cannot under present conditions wish that such should be the case. While urging Government to take early steps to introduce necessary legislation to increase our representation to 3 Members my Committee recognise that this process will probably take some time. My Committee would, therefore, solicit such action as is possible in the meanwhile and as is within the powers of the Government to secure some arrangement for the time being.

I am to emphasize that my Committee are exercising great moderation in asking 3 representatives ; but 3 representatives are at least necessary since otherwise there would be no continuity of criticism or policy on behalf of our representation in order that in case of accidental or necessary absence there should at least be two of our representatives present and ready to convey to the rest of the Trustees on all proposals the views of this Chamber.

I am directed by my Committee to request His Excellency's Government to take immediate steps to increase the representation of this Chamber on the Bombay Port Trust to 3 members instead of one and all the three to sit continuously. This is the minimum which will satisfy this Chamber and we are willing to co-operate with the Government in this direction. I am to urge that this demand is not in any way extra-

ordinary and errs on the side of moderation since the Bombay Chamber of Commerce representing a much smaller interest affecting as we believe the lives and concerns of a much smaller number of men have the right of sending 5 mem' ers.

Further as the Government may be aware all the work of the Port Trust takes place in 5 or 6 separate Committees and the work of these Committees on which there is no representation of this Chamber goes through at present practically without any suggestions or criticism from the standpoint of the Indian Commercial community.

In conclusion I am directed by my Committee to convey to the Government that there is at present considerable dissatisfaction with the affairs of the Bombay Port Trust amongst the Indian commercial community and that if the Government desire full co-operation from this Chamber and also proper publicity and criticism of responsible commercial representatives on the affairs of the Bombay Port Trust, they hope that this representation will receive an urgent and favourable consideration.

I beg,

J. K. MEHTA,

Secretary.

No. 483.

Marine Department.

Secretariat, Fort, Bombay.

Dated the 16th March 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

I am directed by the Governor in Council to refer to your letter No. T/555, dated the 25th February 1921, on the subject of the repre-

sensation of the Indian Merchants' Chamber and Bureau on the Bombay Port Trust Board, and with reference to the observations of your Committee on the work of the Board as constituted at present, especially the remarks contained in paragraph 2 of your letter that the attempt to secure a clear majority of Indians representing various interests on the Port Trust Board would be justified even on calculating the commercial, financial and industrial interests of Indians in the trade of Bombay and in the activities of the Bombay Port Trust, I am to enquire whether your Committee desire to put forward any statistics indicating

- (1) what percentage of the shipping entering and leaving the port of Bombay in a year is owned by members of your Chamber and of the commercial associations in Bombay affiliated to it;
- (2) what percentage of the goods landed and shipped in the port is landed and shipped by members as above;
- (3) whether they have any other figures to put forward on which the calculation suggested by them might be based.

2. I am also to enquire what other definite considerations, apart from statistics, ought in the opinion of your Committee, to be taken into consideration in arriving at the proper representation of all commercial interests on the Port Trust Board.

I beg, etc.,

S. N. ZIMAN,

Deputy Secretary to the Government of Bombay,
Marine Department.

INDIAN MERCHANTS' CHAMBER AND BUREAU 199.

No. T/746.

12th April 1921.

To

S. N. Ziman, Esqr., J. C. S.,

Deputy Secretary to the Government of Bombay,

Marine Department,

BOMBAY.

Sir,

I am directed to reply to your letter No. 483, dated the 16th March 1921, Marine Department.

My Committee are disappointed that on an issue which appears to them very clear the Government have chosen to remain silent in the communication sent by you.

My Committee also feel that the Government are doing them injustice and are sending them out on a fruitless errand in trying to collect statistics which, Government are well aware, are not available to any non-official body or agency. My Committee are surprised that the Government of Bombay should question the obvious fact that the population of Bombay are predominantly Indian and their interests as producers and consumers, their interests in the trade of the hinterland served by the Bombay Port, their interests in the finance of the City and in the industry of the City are preponderant at every point. My Committee regret that Government by their letter are calling forth, into the open, issues which were hinted at and veiled in their representation to Government. My Committee would feel thankful to receive from the Government if they are in possession of any statistics showing the dominance of alien interests in the finance, trade and industry served by the Port of Bombay.

As for the Port Trust itself, my Committee trust that the Government are well aware that the Port Trust is a public body financed from the start from the funds collected in the name of the Indian public and guaranteed from Indian public revenue. The largest holders of the Port Trust Loans

on which the Port Trust finances run are Indians and the largest number of employees in the Port Trust (unfortunately all of them in the lower grades) at present working under serious and unspeakable disabilities are Indians. The Port Trust further enjoys certain monopolistic rights in the foreshore and in respect of land, the Port Trust Railway, warehouses in suitable places, in respect of each of which the largest payment is received from Indian merchants. In the matter of wharfage, the interests of Indian merchants and the large mass of Indian consumers behind them for whom things are imported and of the Indian producers the result of whose labour forms the bulk of export are obviously large and this in the opinion of my Committee does not want any detailed explanation; but my Committee feel confident that if the Government embark on a definite enquiry, they would find the conclusions of my Committee being borne out.

In the opinion of my Committee the Bombay Port Trust is one of those bodies which remains absolutely untouched by the general current of administrative reform which involves larger association of Indians in the work of administration and larger and unmistakable transfer of responsibility to elected Indians. My Committee feel that the revenue of two crores and twenty-four lacs collected every year by the Bombay Port Trust is at present so much veiled taxation escaping altogether public scrutiny or even responsible criticism. My Committee trust that the Government are aware that this taxation falls entirely on the Indian public and that no portion of it is a free gift from any alien individual or body.

Referring to headings under which you are asking for statistics of the activities of the Members of our Chamber I am directed to point out that on no question is the Indian sentiment so sore and the grievances of the Indian community so acute as on the absence of Indian-owned shipping. This absence is believed to be due rightly or wrongly amongst other things to the serious discrimination against Indian-owned ships by the officials of the Bombay Port Trust. My Committee feel that by the very question with which you end your communication under reply, you indicate that Government themselves are conscious that it is not on the statistics of shipping that the question of representation of this Chamber on the Bom-

bay Port Trust ~~Trust~~ would be decided. This Chamber has remained in Bombay a principal centre of Indian commercial opinion and their position as such has been recognised by the Franchise Committee, by the Montagu-Chelmsford Report, by the Government of India Act and the rules for representation to the Local and Imperial Councils. Perhaps Government are aware that this Chamber has been receiving communications asking for guidance or association from all parts of the country as well as sections of business men engaged in various trades even when such individuals or associations are not on the list of the members of this Chamber.

Should the Government desire any further particulars as to the central position enjoyed by this Chamber in the public eye in Bombay which entitles them in their opinion to a representation at least equal to that of the Bombay Chamber of Commerce, I am directed to say that my Committee would be very glad to furnish such particulars.

In conclusion my Committee hope that Government will take steps at an early date to revise the Constitution of the Bombay Port Trust and to bring it in conformity with prevailing Indian sentiments thereon.

I beg, etc.,

J. K. MEHTA,

Secretary.

APPENDIX XXXV.

Address to the Incoming Viceroy.

The Members of the Committee of the Indian Merchants' Chamber and Bureau met at the Government House on Sunday, the 3rd April 1921, and presented an address of welcome to H. E. Lord Reading, the new Viceroy and Governor-General of India. Among those present were :— (1) Mr. Lalji Naranji (Chairman), (2) Mr. Hansraj Pragjee Thakersey (Vice-Chairman), Mr. Manmohandas Ramji, (4) Hon. Mr. Lallubhai Samaldas, (5) Sir Vithaldas D. Thakersey, (6) Mr. Walchand Hirachand, (7) Mr. Fazul Ibrahim Rahimtulla, (8) Mr. Phiroze J. Billimoria, (9) Mr. Jamnadas Vasanji Manji, (10) Mr. Jamnadas Dwarkadas, (11) Mr. Jethmal

Narandas, (12) Mr. Vallabhdas Chaturbhuj Shivji, (13) Mr. Mavji Govindji, (14) Mr. G. B. Trivedi, (15) Mr. Premchand, (16) Mr. N. M. Muzumdar, (17) Mr. B. F. Madon, (18) Mr. Mathradas C. Matani and (19) Mr. J. K. Mehta, Secretary.

Mr. Lalji Naranji read the following address :—

To

His Excellency The Right Hon'ble

Sir RUFUS DANIEL ISAACS,

P.C., G.C.B., K.C.V.O., G.C.S.I., G.C.I.E.,

Earl of Reading,

Viceroy and Governor-General of India.

May it please your Excellency,

We, the President and Members of the Indian Merchants' Chamber and Bureau—a body representing large commercial and industrial interests of the Indian Community of Bombay, beg to approach Your Excellency and offer our most cordial welcome on your appointment by His Majesty the King-Emperor to the exalted office of Viceroy and Governor-General of India.

Your Excellency arrives at a time when this country is passing through a critical period, both politically and commercially, a period almost unprecedented in its extent and nature and requiring political and financial statesmanship of the highest order to face it. We, however, feel assured that with the great and distinguished record of service to your country at the most serious moment of its existence, Your Excellency comes best equipped to face the enormous task of removing the clouds of depression and reconstructing India in the light of the spirit for which the great war was fought. The watchword Your Excellency has adopted for work in this country and has guided all Your Excellency's distinguished career upto this time, the watchword of justice, has created hopes that the political, economic, and commercial grievances from which we have been lately suffering will be remedied during Your Excellency's regime.

India was actively associated with the rest of the Empire in the prosecution of the greatest war in the history of the world, in no spirit of commercial bargaining but with a feeling of sincere loyalty. The awakening of high ideals at the time led to the hopes that this ancient land would be accorded her rightful place in the Federation of the Empire, and that Indian people would no longer be treated as they have been in the past in the British Colonies. Even with the passing of the Montagu-Chelmsford Reform Scheme, imperfect as it is, these hopes for an equal place in the Empire were destined to meet with a grievous disappointment. The passing of the Rowlatt Act, the imposition and the administration of the Martial law in the Punjab, the handling of the Khilafat question and the treatment of Indians in British Colonies exemplified vividly the extent of disappointment of Indian hopes, resulting in a deep discontent which has naturally reacted on the commercial and industrial life of the country.

The war certainly gave an impetus to several Indian industries for the time being, but there has set in now an ebb-tide owing to the present trade depression, and it is hoped that through Your Excellency's wise and sagacious experience of the commercial and financial world a way may be found, with the co-operation of the commercial community, to prevent an economic disaster and to preserve for the country the benefit which may have accrued recently through the direction of Indian capital in industrial enterprise.

Consequent on demands made by the war upon the allies for all kinds of supplies, an intense requisition was made for Indian products of all kinds which India gladly met in a spirit of loyalty and co-operation to the fullest extent of her resources despite the fact that this bore hard upon her people. As it was not found possible by the allies to pay their debts to India in gold or even in silver, the bulk of the purchases were financed by India herself agreeing to rest satisfied for the time being with credits in England instead of actual cash. The great demand for our commodities combined with difficulties of payment led to an abnormal issue of paper currency which in its turn was responsible for raising prices in the country. The abnormal demand above described for our exports led to an abnormal rise

in exchange. Government tried to meet the situation by artificial restrictions on exports like pearls, food-stuffs, etc., etc., and meanwhile the problem was referred to the Indian Currency Committee who, as Your Excellency is no doubt aware, recommended the high rate of 2s. gold in spite of the strong disagreement of its only Indian Member who protested against such a change in the standard unit of the country as unwarranted and detrimental to its best interests. So long as the war lasted and England wanted Indian food-stuffs, raw material and munitions, the exchange was not interfered with. Indian wheat and other articles were acquired compulsorily by means of control and paid for at a price lower than the world price. All these sacrifices and more India made with the one object of helping to win the war. As a means of artificially hastening the establishing of the new ratio, Reverse Bills were sold to the extent of £ 55 million, and in this way the enormous credits built up in England in providing supplies to the Allies have been transferred to India at a colossal loss in spite of the repeated protests and warnings of this Chamber and other commercial bodies. This has been a source of great discontent all over the country and the country looks forward to Your Excellency for justice being done and a solution more in consonance with the interests of India's toiling millions.

The policy of forcing up Exchange to unwarranted and unheard of levels had, as its consequence, a set-back in our exports at a time when the world was still willing and able to buy Indian products and on the other side a great and unhealthy stimulus to our imports, the result of which interference with the normal course of trade was that the balance of trade went rapidly against the country. The situation has been rendered still worse by trade depression arising directly out of Government action and by the resulting inability of many of our customers to resume their purchases. The reversal of our normal favourable balance of trade has naturally led to a weakening of India's exchanges. The Indian import merchants who have been wantonly charged with lack of commercial morality, but placed implicit faith in the Government carrying out their policy and establishing the rupee at 2s. in view of the persistence in the sale of Re-

verse Bills at heavy losses and the amendment of the Coinage and Paper Currency Acts now find themselves practically ruined and unable to clear the goods they had ordered. The docks and godowns are congested with high-priced goods and the position is such as will require most careful handling if the country is to be saved from serious financial crisis if not actually a panic that will set back the economical progress of India for years to come.

We beg to bring to Your Excellency's notice the deep feeling which exists on the part of the Indian commercial community in the matter of fiscal autonomy which should be enjoyed by the country in the same way as it is by the British Colonies. We regret to record that the Government of India Act, 1919, made no provision for this. The so-called convention providing for fiscal autonomy has not satisfied the Indian public opinion and the recent agitation of Manchester against increase in import duties on piece-goods shows the great necessity for defining by Statute the powers of India to regulate her own tariffs. We hope that Your Excellency will be pleased to secure for this country the liberty of adjusting her own tariffs to suit the requirements of her own well-being and progress.

We have appreciated the feelings which inspired the recent despatch of the Government of India regarding the treatment of Indians in East Africa and hope that Your Excellency will be pleased to secure for Indians a status in the Dominions similar to what is enjoyed by British citizens and thus help in removing one of the sorest grievances of the Indian people.

We view with grave alarm the heavy and ever-increasing military expenditure of the country over which unfortunately we have no control at all and venture to submit that we know of no country in the world which spends in peace time one-half of its revenue on the army. The burden is unbearable for a poor country like ours and leaves little for vital needs like education, sanitation, irrigation and all such other functions of the State that go to ensure the general development of the people and their resources. It is, we submit, inequitable in the extreme that this country should have to maintain a large and expensive army, out of all

proportion to the requirements of its own defence, in order to supply Britain readily, when called upon, troops on a war-footing to help her to police half the eastern world outside our frontiers and outside our own interests. We seek relief from this crushing burden ; for even our taxable capacity is limited and already over-strained. The watchword of all Governments in these times is economy, and we look to Your Excellency for a strong policy of retrenchment in this direction.

We do not wish to trouble Your Excellency with a host of questions which are at present in the forefront in this country, but we hope that Your Excellency, imbued with high traditions of British Liberalism, will be pleased to carry forward the country to the goal of complete self-government and the nationalisation of the administration on which His Majesty the King-Emperor has bestowed his benedictions.

We again extend to Your Excellency and Lady Reading a most cordial welcome to this country and wish Your Excellency every success in the discharge of the high office to which you have been called.

J. K. MEHTA.

Secretary.

LALJI NARANJI

Chairman.

HANSRAJ PRAGJEE THACKERSEY.

Vice-Chairman.

3rd April 1921.

THE VICEROY'S REPLY.

Mr. President and Gentlemen of the Indian Merchants' Chamber and Bureau,—Permit me to thank you very heartily on behalf of Her Excellency, as well as myself, for the cordial words of welcome you have been good enough to address to us and which we very much appreciate. It is encouraging on arrival to receive the members of your Chamber, who present a most carefully compiled general statement of political and economic grievances according to your views. Nevertheless, you extend to me a hearty welcome. It is a satisfaction to find your views stated in plain and explicit terms in a document. I imagine that your object is to bring the various points to my notice. I should think you are far too

shrewd to expect a reasoned answer to these political arguments at this moment. I have somewhere at the back of my mind a notion that if I did attempt it you would go away a little disappointed in me and say to each other: "Well, we did not think that His Excellency would have discussed some of the matters mentioned by us to-day." Nevertheless, I thank you for having stated your wishes so clearly, and if I do not refer to each one of them in my few observations you will, I am sure, acquit me of any intentional discourtesy. But you will understand, as I stated publicly yesterday morning, I do not think it right that I should now express views upon political matters confronting the Government over which I preside before I have had the proper opportunities of making myself personally acquainted with the situation. In other words, speaking perhaps with a recollection of my judicial position, I must hear all sides before I come to a decision. You would think very little of one who proceeded to pronounce a view, possibly framed in a language to please you but which nevertheless was not based upon his own judgment, but formed upon information and advice and knowledge that he had obtained.

The Political Situation.

There are, however, two or three main subjects to which I may refer a little more in detail. You tell me that I arrive at a time when this country is passing through a critical period, both politically and commercially. I have said enough, I hope, as regards the general political situation to show you that although I shall consider very carefully every word that you say I do not propose to deal with all the various matters which you have just stated. You, however, refer to commercial grievances with which you are more directly and intimately concerned. I do not mean that you are not affected by the political situation, but being a Merchants' Chamber you are specially charged with the interests of the Indian Merchants. Will you forgive me for saying that you do not seem to me to attribute sufficient importance, as I understand the situation, to the various causes of exchange troubles and depreciated currency,

but are not unnaturally inclined to regard the problems as if they affected India alone and as if the causes of the serious dislocation of finance and trade and generally the economic situation were to be found in India alone whereas in truth these same problems are affecting the whole world's prosperity. If you seek the remedy you must try to arrive at all the causes, and then you must not leave out of account the great world dislocation, which is truly at the root of all the trade trouble with which we are confronted. Of course India has its own particular problems, like every other country, but generally speaking you cannot have vast countries engaged in the production of articles which are the least reproductive without the whole world's wealth and consequently its prosperity, being gravely affected. During the war, as you are aware, trade and industry were diverted from ordinary channels, and manufacturers, instead of making articles for export to various countries, were turned into channels essential during the war, but which nevertheless mostly ended in smoke and flame and created no wealth, but caused loss of the nation's surplus wealth and of the means of exchange of one country's product for that of another. These are world factors which one must not leave out of account. You go on to deal with the difficulties which have arisen, and you refer to the depression which has actually occurred in India's foreign trade, owing as you say, to the disorganisation of international exchange and the diminution in the purchasing power of India's customers. Of course, you understand, nobody better, that India's trade depends upon world conditions, and that until these have become more normal as one hopes they speedily will, it is natural that customers for articles produced will not be able to resume their purchases on the former scale, but I think we should all remember that India is especially fortunate in that her trade in the main is in necessities and not in luxuries, so that as soon as the world's purchasing power begins to be restored, directly you get the equilibrium a little more normal, the products of India must be taken by the various countries as they are able to finance them. To you who are engaged daily in trade it is but a truism to say that if you export luxuries you must wait longer for a restoration of trade than when your trade is in those exports which people must purchase.

Don't be Pessimistic.

I refer to these considerations not because they are an answer to your difficulties—they are not—but because I suggest that you should not be unduly pessimistic. I am far from attempting to minimise the importance and seriousness of the situation, but we must not be cast down by difficulties. It tends to encouragement and to the permanence of credit if we remember these opportunities for India's restoration to the position it occupied until quite recently in relation both to currency and balance of trade. Generally speaking, I agree, and in fact merchants who understand their business all over the world have come to the same conclusion, that trade will find its own salvation as time progresses. But I want you to bear in mind that I am the last person, with my experience during the war, to attribute little importance to depreciated exchange problems; on the contrary, I know they are very important indeed at present. Yet again we must seek the root causes if we want to find the true remedies. A fall in exchange is in truth only a manifestation of a primary trouble. It is a symptom of the dislocation of the world's trade and, which applied to India is a mirror of the changed conditions of the balance of trade during recent times attributable to the world causes to which I have referred as also to special causes affecting India. Nobody knows better than a body of gentlemen like yourselves that all the nations are dependent on each other for trade. It is not only one nation that is affected by the world upheaval, but the whole world. But here again I am fully sensible of the importance of the observations that you make about the policy of the Government with regard to rupee exchange and also the sale of reverse councils. I do not want to discuss them at this moment, for the reasons that I have given. I know that they have given rise to much discussion and controversy. I will only say that when you do consider the reasons of the fall in your exchange you must not attribute it entirely either to the one or the other condition, but must bear in mind the enormous change in the world's position.

India and the War.

You refer naturally to the war in which India behaved with such deep and devoted loyalty to the King-Emperor and to the cause for which we were fighting. Nothing was more splendid, and I trust that nothing that ever happens will make us, British and Indians together, regret that we struggled for great and high ideals which India took to her heart equally with ourselves. It is true that there have been disappointments after the war; I am afraid these are inevitable. People cannot always live even in a spiritual country like India at the extreme height of noblest ideals since we are only human beings, but that we together, British and Indians, reached those altitudes should always be a bond between us. May I add one further word based upon much observation—that notwithstanding the disappointment at this moment, I am convinced that as a result of the struggle for higher ideals the world will be the better, although it may not be apparent at this particular moment. There is disappointment aroused by these exchange and currency questions that have supervened after the war. I do not suggest that it is much comfort or consolation, yet even here it is always well to remember that the chaotic condition of exchange in other countries is infinitely worse than it is in India. I am not disposed to be unhopeful in this matter. I have noted carefully every word you said about the present condition of affairs caused by the large import trade by India and the vast purchases based apparently upon the view that the rupee would be kept stabilised at the higher rate. I am aware of that position. Observations have been made, as I have noticed about the commercial morality of the merchants. Commercial morality affects credit. Credit is a very tender, delicate and sensitive plant, and if credit is once affected it takes long to restore it. I do not suppose for a moment that there is ground for any suggestion of lack of commercial morality. Of course, a difficult situation has been created. I won't go back to the causes. I have observed in some quarters the suggestions that this Government over which I preside should intervene. Without pronouncing any final word, for I have not yet had any opportunity of meeting the members of my Council or of discussing the situa-

tion with Mr. Hailey, the Finance Member, I will tell you my own present view. Difficulties have arisen between merchants, vendors and purchasers in the ordinary course. These are matters that must be solved between them, and do not seem to require that Government should intervene. This is my personal impression at this moment. All I will now say is that I trust that means will be found, as they are often between persons who are left to regulate their own trade position between themselves to alleviate the present strained situation, so that it will gradually tend to disappear and that you will be restored to the conditions which existed before the present crisis.

And now let me thank you very much for your welcome. May I add that I was very much impressed yesterday, arriving as a stranger in this beautiful city amongst vast numbers of people of whom perhaps I might claim to know at most three or four individuals, this welcome was one which went to my heart. I do not take it as a personal compliment. I believe it was intended as an encouragement to me, in coming here to meet what is undoubtedly a most difficult situation, to believe that the people have not set their hearts against the new Viceroy, but rather that they gladly welcomed a Viceroy who wished to be in sympathy with them. It is from this that I take some comfort to myself. It leads me to study the situation with hopefulness which I trust I shall carry to the end of my responsibilities. If only Indians throughout India and the British with myself all work in union, in the closest co-operation for the development of India's resources for India's prosperity, there can be no doubt that India will become prosperous and happy.

APPENDIX XXXVI.

Tariff Commission.

Telegram.

To

The Department of Commerce, Government of India, Delhi.

17th March 1921.

Referring appointment Tariff Commission Committee Indian Merchants' Chamber respectfully warn Government absolute futility any

enquiry by Commission without majority of Indians. They further request dropping principle of nomination but urge permitting responsible commercial bodies nominate members for the personnel. Committee request Government to allow them to select at least two members for the Tariff Commission.

MEHTA,
Secretary.

APPENDIX XXXVII.

Proposal to increase the general import tariff from 11 to 12½ P. C.

Telegram.

To

The Government of India,
Finance Department, Delhi.

17th March 1921.

In continuation their letter dated 3rd March 1921 number T-573 Committee of the Indian Merchants' Chamber suggest abandonment of Increased Postal Charges. They support if necessary raising General customs from 11 to 12½ per cent. They emphatically condemn interested insincere agitation set up by Lancashire interests and urge Government to remain firm. Any modifications in Government's attitude will prove hollowness of Political Reform. Indian opinion absolutely united condemning mischievous Lancashire agitation.

MEHTA,
Secretary.

Telegram.

To

The Secretary of State for India,
LONDON.

17th March 1921.

Committee Indian Merchants' Chamber Bombay emphatically condemn interested and insincere agitation set up by Lancashire interests

and urge Government to remain firm. Any modifications in Government's attitude will prove hollowness of Political Reform. Indian opinion absolutely united condemning mischievous Lancashire agitation.

MEHTA,
Secretary.

APPENDIX XXXVIII.

Duty on Silver.

Telegram.

To

The Finance Department, Government of India,

DELHI.

16th March 1921.

Committee of the Indian Merchants' Chamber beg strongly to object to suggestions for reimposition of duty on silver. Free trade in precious metals absolutely essential to prove bonafides of Government and as a first step towards restoring confidence in the policy of the Government. My Committee also point out disastrous effects of such a duty on all trade with China already hit by other causes. They anticipate financial upset in Bombay and general reaction of all kinds through such an imposition. At the same time my Committee will hereby support any other suitable measure which may be brought forward to steady exchange.

MEHTA,
Secretary.

APPENDIX XXXIX.

Committee to investigate scale of accommodation and sanitary arrangements for Deck Passengers.

Telegram.

To

The Department of Commerce, Government of India Delhi,

15th February 1921.

"Committee of the Indian Merchants' Chamber beg to protest strongly against the non-representation of the Chamber on the Committee

appointed by the Government of India to investigate scale of accommodation and sanitary conveniences provided for deck-passengers. Passengers on these ships are mostly Indian merchants or their employees and my Committee have always taken the deepest interest in this question in the past. It is deeply regrettable that they have not been asked to nominate their representative on the Committee and hope that this omission will be corrected. Mehta, Secretary, Indian Merchants' Chamber. "

No. 1686.

Government of India.

DEPARTMENT OF COMMERCE.

Delhi, the 24th February 1921.

To

The Secretary, Indian Merchants' Chamber,

BOMBAY.

Sir,

I am directed to reply to your telegram of the 15th February 1921 protesting against the non-representation of your Chamber on the Committee appointed by the Government of India to investigate the scale of accommodation and sanitary conveniences provided for deck passengers on Native Passenger ships.

2. The Government of India understand that your Chamber takes particular exception to the fact that while it is not represented on the Committee, the Bengal and Bombay Chambers of Commerce are represented. I am to express regret that the wording of the Government of India's Resolution has led to misconception on the part of your Chamber. I am to explain that the Bengal and Bombay Chambers of Commerce are represented solely because the most important shipping companies whose interests may be affected by the Report of the Committee are represented on those two Chambers. The two Chambers were specially asked to nominate two gentlemen with shipping experience to serve on the Committee, and it is believed that neither of the two gentlemen nominated by these two Chambers is actually a member of the Chambers. They are

intended to put the point of view of the steamer companies interested in the subject-matter of the Committee's enquiry and to supply the necessary expert technical knowledge.

3. The Government of India trust that this explanation will serve to assure your Chamber that they had no intention of discriminating in any way between the Indian Merchants' Chamber and Bureau and the Bombay and Bengal Chambers of Commerce.

4. As regards the request of your Chamber that your Chamber should now be asked to nominate a member on the Committee, I am to say that the Government of India think it important that this Committee should be kept as small as possible. It will have to consider a number of detailed and complicated technical rules and the Government of India have made it their aim throughout that while, on the one hand, important industries should not be unrepresented, the Committee should be kept as small as possible. The composition of the Committee has been so arranged that it should contain two members representing the shipping companies affected, two Indian gentlemen—one a Doctor and one an Indian public gentleman and the President, an administrative officer who has had previous experience of this subject having presided over a somewhat similar committee two years back.

5. I am to add that the Committee will visit Bombay and full opportunity will be given to members of your Chamber to represent their views to the Committee.

I have, etc.,

C. A. INNES,

Secretary to the Government of India.

T-608.

12th March 1921.

To

The Hon. Mr. C. A. INNES, C.I. E., I. C. S.,
Secretary to the Government of India,
Department of Commerce,
DELHI.

Sir,

I am directed by my Committee to acknowledge the receipt of your letter of the 24th February 1921, No 1636. My Committee are glad to note that there was no intention on the part of Government of overlooking the claims of this Chamber for representation on the Committee to investigate the scale of accommodation and sanitary arrangements of deck passengers. Their main contention, however, for inclusion in the Committee of their representative was not the inclusion of representatives of the Bengal and Bombay Chambers of Commerce. The Shipping Committee is going to deal with a very important question of grievances of deck passengers and as was mentioned in my telegram, dated the 15th February 1921, the passengers on these ships are mostly Indian merchants or their employees. Under these circumstances, the inclusion of a representative of our Chamber on the Committee would not only have greatly reassured the Indian commercial community and the large public of Indian passengers but also considerably strengthened the Committee itself. Grievances of deck passengers constitute like grievances of 3rd class passengers a sore spot with the Indian public since a very long time past and my Committee's main object in approaching the Government for their representation on the Committee was to remove as far as possible this sore spot and the large amount of disaffection and discontent which result therefrom. Even now my Committee think it is not too late to ask them to nominate their representative on the Committee to investigate the scale of accommodation and sanitary arrangements of deck passengers. The addition of one member will not surely make the composition of the Committee unwieldy. My Committee hope that this representation will meet with a favourable response from Government.

I have, etc.,
J. K. MEHTA,
Secretary.

INDIAN MERCHANTS' CHAMBER AND BUREAU 217

No. 2625.

Government of India.

DEPARTMENT OF COMMERCE.

Delhi, the 22nd March 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

19 Bank Street, Fort, BOMBAY.

Sir,

In reply to your letter No. T/608, dated the 12th March 1921, I am directed to say that the Government of India regret that they are unable to accede to the request of the Indian Merchants' Chamber and Bureau to be represented on the Deck Passenger Committee. They feel that they must adhere to their previous decision partly for the reasons already given and partly because at this stage of the Committee's proceedings it would be a mistake to introduce new members.

I have, etc.,

J. G. BEAZLEY,

Deputy Secretary to the Government of India.

No. 121.

Office of the Deck Passenger Committee,

C/o The Collector of Customs.

Dated Bombay, the 14th March 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

As you are no doubt aware the Government of India have appointed the above Committee to advise them what amendments, if any, it is desirable in modern conditions to make in the Native Passenger Ships Act,

1887, and the rules made thereunder, in order to prevent overcrowding of deck passengers and to ensure their better health and comfort. Members of the public who desire to put their views before the Committee have been invited by means of a Communiqué which has appeared in the chief Bombay newspapers and of which a copy is enclosed, to apply to me for a copy of the list of questions on points arising out of the terms of reference to the Committee.

I am to enclose herewith 6 copies of the list referred to above and to ask that a copy of the Communiqué and of this list may be circulated to any of your members who are likely to be interested.

I have, etc.,
E. F. ROGERS,
Secretary.

DECK PASSENGER COMMITTEE, 1921.

Questionnaire.

Questions.

1. Name and residence of witness.
2. Occupation of witness.
3. Please state the particular experience, if any, you possess of the working of the Native Passenger Ships Act, 1887.

With what runs are you specially acquainted? Have you ever travelled on a ship running under the Act? If so, how many times and on what runs?

4. Do you take any part in the administration of the Native Passenger Ships Act, 1887?
5. (*Shipwright Surveyors.*) Are you charged with the duty of measuring space and seeing that equipment required by the Act is provided?

6. The Board of Trade classification of sea-going (other than emigrant) vessels for the purpose of fixing the number of the passengers a ship may carry is as follows :—

Classification.	Accommodation prescribed.
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<i>Foreign going steamers, i.e.,</i> plying 12 c. ft. per passenger between decks beyond the Home Trade limits. <i>e. g.,</i> if deck 6' high, 12 sq. feet per passenger (Board of Trade Instructions, paragraph 14). Exposed decks not allowed to be measured for passengers.	
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<i>Home trade steamers</i>	(a) if in a compartment, 72 c. ft. per passenger, <i>e. g.,</i> if deck height 6', 12 sq. feet per passenger (paragraph 20.)
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(b) if on open deck, 9 sq. feet per passenger (paragraph 23). Main deck and the deck beneath to be measured for passengers, also parts of promenade deck, &c. (paragraph 21). Total number of passengers not to exceed gross tonnage (paragraph 25) and also not to exceed (paragraph 24) six times the number for whom there is permanent shelter.

Excursion steamers.—Daylight only 9 sq. feet per passenger, (Paragraph and in fine weather, and in fair 32.) Same decks as above may be season only. measured. No limitation of number of passengers to gross tonnage.

<i>Steamers plying in partially smooth waters.</i>	6 sq. feet per passenger—Upper deck. 9 " " " " Top of saloon. 9 " " " " In saloon beneath upper deck (paragraph 33).
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<i>Steamers plying in smooth waters.</i>	(a) 3 sq. feet—Upper deck. (b) 9 " " Top of saloon. (c) 9 " " In saloon beneath upper deck (paragraph 34).
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Do you consider the above a better classification, and the prescribed spaces more appropriate than the Indian Classification and space allowances (which are given in the next three questions) ?

7. The classification of voyages and the space allowances required in steam ships running under the Native Passenger Ships Act, 1887, is as below :—

(A) *Fair season : Short voyage.*

Each between deck passenger 6 sq. feet *plus* 4 sq. feet airing space = 10 sq. feet.

[*N. B.*—A 'tween deck may be described as a lower deck with only artificial lighting and ventilated by means of ventilators from above].

Each Upper deck passenger 6 sq. feet.

This works out as in the following example :—

Between deck; clean space; 1,000 sq. feet.

Upper deck space 700 sq. feet.

Passengers allowed according to the between deck

$$\text{space} \frac{1000}{6} = 166.$$

From Upper deck space take 4 sq. feet for each between deck passenger $4 \times 166 = 664$ sq. feet.

Balance space available on upper deck $700 - 664 = 36$ sq. feet.

Number of additional passengers allowed according to the upper deck space $\frac{36}{6} = 6$.

Total passengers allowed $166 \text{ plus } 6 = 172$.

Average space for each $\frac{1700}{172}$ sq. feet = 9.8 sq. feet.

(In other words, between deck passengers may have to do with less than 10 sq. feet, and the shortage will be *greater* according as there is more surplus space left available on the upper deck after excluding 4' upper deck space for each 'tween deck passenger).

(*E pert witnesses*). Do you accept the foregoing as the correct method of measuring the average deck space per passenger for such

voyages? If not, what method do you consider the correct one?

8. (B) *All Seasons : Long voyage.*

9 sq. feet in between deck for every passenger; and

6 sq. feet in upper deck for every passenger.

Total 15 sq. feet.

Example.

Between deck; clean space; 1,000 sq. feet.

Number of passengers allowed:—

$$\frac{1000}{9} = 111 \text{ passengers.}$$

[*N. B.*—In a ship with 1,000 sq. feet clean space between decks and 700 sq. feet on upper deck, average space per passenger would be 15 sq. feet.]

(*Expert witnesses*) Do you accept the foregoing as the correct method of measuring the average deck space per passenger for long voyages? If not, what method do you consider the correct one?

9. (C) *Foul season : Short voyage.*

9 sq. feet in 'tween deck }
4 sq. feet in upper deck } for every 'tween deck passenger.
9 sq. feet in upper deck : for every upper deck passenger.

Example —

Between deck : clean space : 1,000 s. ft.

Upper " : " : 700 s. ft.

Passengers allowed according to the between deck space $\frac{1000}{9} = 111$.

From upper deck space take 4 sq. ft. for each between deck passenger, namely, $4 \times 111 = 444$ sq. ft.

Balance space available on upper deck — $700 - 444 = 256$ sq. ft.

Number of additional passengers allowed according to the upper deck space $\frac{256}{9} = 28$.

Total passengers allowed $111 \text{ plus } 28 = 139$.

Average space for each $1,000 \text{ plus } 700 = 1,700 \div 139 = 12 \text{ sq. ft.}$

(*Expert witnesses.*) Do you accept the foregoing as the correct method of measuring the average deck space per passenger for such a voyage? If not, what method do you consider the correct one?

10. Can you suggest a better classification of voyages under the Native Passenger Ships Act than the present one—(See Questions 7, 8 and 9 above.)

It was suggested by the Native Passenger Ships Commission in 1891 that a better division would be the following :—

- (i) Excursion voyage. Fair season only, day light hours, appropriate space 6 sq. ft.
- (ii) Shelter port voyages. (Twelve hours port to port, if carrying Home Trade certificate; sixteen hours if carrying Foreign Trade certificate.)

Space recommended :—

- (a) Fair season. 7 sq. ft. on any deck (whether permanently sheltered or not).
- (b) Foul season. 7 sq. ft. permanent shelter. Exposed decks to be reserved for passengers having permanent shelter.
- (iii) Short voyage. (Up to 120 hours direct or 240 hours between terminal points. Ship to carry Foreign Trade certificate.)

Appropriate space :—

- (a) Fair season, 9 sq. ft. on any deck (whether permanently sheltered or not).
- (b) Foul season, 7 sq. ft. [Permanent shelter and subject as in (ii) (b).]
- (iv) Long voyage. (Over 120 hours direct or over 240 hours between terminal points.) Ship to carry Foreign Trade certificate. Space as at present, viz. :—9 sq. ft. in between deck for every passenger plus 6 sq. ft. in upper deck for every passenger.

Do you consider this classification of voyages and these space allowances better than the existing voyage classification and allowances?

10 A. Which of the three classifications —

(Board of Trade—Question 6 ; Commission of 1891—
Question 10 ; Existing—Questions 7, 8 and 9) do
you consider most suitable for Indian conditions and
why ?

11. The present short voyage, foul season space allowance is
9 plus 4 sq. ft. ('tween deck passengers.)
9 sq. ft. (upper deck passenger)

If the space allowance for short voyages in the fair season
is increased from $\frac{6 \text{ sq. ft. plus 4 sq. ft. ('tween deck passengers)}}{6 \text{ sq. feet (upper deck passengers)}}$

to 9 sq. feet, do you consider that any special rule for the
foul season is wanted ? *e.g.*, 7 sq. feet permanent shelter
and the run of any exposed deck as proposed by the 1891
Commission ?

12. (*Expert witnesses.*) Do you consider that the existing rules
regarding survey are difficult to apply with uniformity ? If
so, in what does the difficulty lie ? Do you recommend the
adoption of the Board of Trade Instructions as to the Survey
of Passenger Accommodation ? If not, please state the
modifications which you consider necessary to make them
suitable for the different trades and types of vessel under your
supervision.
13. Do you think that passengers on a voyage lasting 10 or 12
hours should get the same amount of space as for a voyage
lasting 120 hours ?
14. (*Expert witnesses.*) Would it much complicate matters or add
much to the difficulty of survey if the surveyor had to cal-
culate six figures, *viz.*, Excursion, Shelter port, Long voyage,
Short voyage (Fair season); Shelter port, Short voyage
(Foul season); instead of as at present when he has to
calculate only three figures—Fair season, Short ; Foul season,
Short ; Fair and Foul season, Long ?

15. Have you any experience of the conditions applying to 3rd class passengers travelling into or from Great Britain? If so, do you consider that an Indian deck passenger requires as much space allowance as a European passenger?

16. The Transport Regulations are understood to allow the following spaces for voyages in Indian waters :—

(a) Indian troops . . . 6 sq. ft. each.

(b) European troops . . . 9 sq. ft. each.

Do you consider that an Indian deck passenger not being a soldier requires more accommodation at sea than an Indian soldier?

17. Do you think that there should be permanent shelter at all times for every passenger carried on an exposed deck?

18. Have you any experience of emigrant ships travelling from or to India? The space allowance required for each emigrant is 12 superficial feet either within a cabin or in the between decks. How do you think these conditions compare with those of ships coming under the Native Passenger Ships Act, 1887?

19. Have you any experience of ships fitted with sleeping platforms? If so, please state your opinion regarding their advantages or disadvantages.

20. (*Expert witnesses.*) Do you consider that if sleeping platforms were fixed on decks of native passenger ships that at present have no platforms this would add to the comfort of the passengers? Would the construction of such platforms liberate a considerable amount of space on the deck itself? Would such platforms be in your opinion popular?

21. (*Expert witnesses.*) Can you give an estimate of the cost of fitting with sleeping platforms steamers which at present have no platforms? About how much do you think the cost of

- constructing sleeping platforms would add to the cost of the deck passenger ticket ?
22. Do you recommend that the carriage of passengers under what is known as the "Five-foot" rule should continue? If so, on what runs ?
23. Do you consider the existing scale of latrine accommodation, *viz.*, two latrines for the first 100 passengers, one for each succeeding 100 or part of hundred adequate? If not, what scale do you recommend ?
- Do the steamers with which you are acquainted provide more than the bare number prescribed at present ?
- Do you know how many latrines are provided on emigrant ships ?
24. Do you think that the provision of separate latrine and bathing accommodation for females is sufficiently secured at present ?
25. Is better access to the latrine wanted? Do you consider the location of the latrines for males and females, as at present, suitable or unsuitable ?
26. So far as the Native Passenger Ships Act, 1887, is concerned, the existing rule is believed to be that a Medical Officer must be carried only in the case of ships travelling to or from the Red Sea and then only if the ship carries more than 100 passengers. Do you consider that Native Passenger Ships should be required to carry a Medical Officer for voyages other than to or from the Red Sea? If so, on what runs and subject to what conditions? What qualifications do you recommend for the Medical Officer and would you vary them according to the number of passengers carried? Do any of the steamers with which you are acquainted provide Medical Officers, although not required legally to do so ?
27. A Native Passenger Ship must have a permanent hospital and material for a temporary hospital if travelling to the Red Sea,

or if proceeding on a long voyage elsewhere and also carrying more than 100 passengers. If proceeding on a short voyage, and also carrying more than 100 passengers she must have material for a temporary hospital. Do you consider that this rule requires modification? What scale of bunks in the permanent hospital would you recommend? The existing maximum is 6 bunks.

28. (*Expert witnesses.*) What is the existing scale of ventilation in the ships with which you are acquainted? Do you consider that it needs increasing?

In ships going to the Red Sea independent ventilation for the hold and between decks is provided for. Do you think that there should be the same rule for passenger ships going elsewhere?

29. Supposing the ship has three decks, *viz*, Orlop (lower between) between, and main, do you think that the Orlop deck should be ventilated artificially?
30. Do you think the existing scale of water-supply, *viz*, one Imperial gallon (approximately five seers) per head per day (if all water-supply is stored), or $\frac{5}{7}$ ths of one gallon stored (if there is distilling apparatus), sufficient? If not, what scale do you recommend?
31. As far as you are aware, are the facilities for obtaining a supply of sea water for ablution sufficient? Is separate accommodation for bathing required?
32. Is there any need to require a ship to carry a high caste Hindu for the purpose of distributing water and for cooking?
33. Should Hindus be separately accommodated from Mohammedans? Should some of the cooking places be reserved for Hindus and some for Mohammedans? Do you recommend that shipowners should be required to have a shop on board the ship? If so, on what runs?

34. In your experience, do deck passengers carry an excessive quantity of luggage? Would the provision of luggage racks considerably relieve congestion?
35. Are you aware of any rule that deck passengers shall have with them only a certain number of hand packages? If so, to what runs does it apply?
36. The Board of Trade rules for the carriage of cattle are briefly as follows :—
 - (a) *Open deck not under cover*.—They must be effectually shut off from the passenger space by bulkheads, wooden partitions, or otherwise, wash boards being provided.
 - (b) *Under cover on same deck as passengers*.—They must be separated from the passengers by movable close bulkheads, athwartships, from deck to roof, or they must be otherwise efficiently separated.
 - (c) *In the hold or 'tween decks*.—Cattle space must be effectually shut off from passenger space and separately ventilated.

Do you consider that cattle, sheep and goats can, without objection, be carried on Native Passenger Ships subject as in the Board of Trade rules? If not, what modification do you suggest? Do you, for instance, consider that the carriage of cattle and passengers in the same compartment should be forbidden?

37. Do you think any improvements are needed in the provision of shelter for passengers at embarkation or disembarkation?
38. Is there any need of separate accommodation for females?
39. How long have you been acquainted with the conditions under which deck passengers travel? Do you consider that conditions have been improved during that period?

40. Do you think that the bulk of the deck passengers of whom you have experience can afford to pay higher fares? Have the fares been raised within recent years? If so, on what runs and by how much?
41. Have you any suggestions to make regarding modifications needed in the conditions regulating the carriage of passengers on sailing vessels?
42. Do you consider the safety and comfort of deck passengers travelling in brigs and other sailing ships adequately provided for? If not, what amendment do you recommend and in respect of what runs?

T.-627

17th March 1921.

To

E. F. ROGERS, Esquire,

Secretary, The Deck Passenger Committee,

BOMBAY.

Sir,

I am asked by my Committee to acknowledge receipt of your letter of the 14th instant, No. 121, with its enclosures which I received on the 15th instant. It appears there was a telephone call from the Committee at about 2 p. m. which was received by my Assistant Secretary. I am informed that you wanted to enquire if a representative of the Chamber would attend a meeting of your Committee on that day for examination at 3 p. m. My Committee think that it was a sheer impossibility for anybody to represent them before your Committee at such a short notice specially when the questionnaire was received also on that date. My Committee presume that the work of the Deck Passenger Committee is intended by the Government to result in a report seriously aiming at the removal of the grievances of deck passengers. If this is the case my Committee extremely regret that no sufficient time is given for a consideration of the questionnaire and for sending replies of my Committee

to you. You will kindly let me know before which date you expect my Committee to send their views to you and on what date our representatives should attend your Committee meeting for oral evidence.

I beg, etc.,

J. K. MEHTA,
Secretary.

No 162.

Office of the

DECK PASSENGER COMMITTEE.

New Customs House Building,

Bombay, dated the 18th March 1921.

To

J. K. MEHTA, Esq., M. A.,

Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I have the honour to acknowledge the receipt of your letter No. T-627, dated the 17th March 1921 (received this morning), in which you complain of the shortness of time allowed to your Chamber in which to formulate their views on the points brought out in the Questionnaire prepared by the Deck Passenger Committee. You also ask to be informed of the date by which the Committee expect your Chamber to send their views and the date on which your representative should attend for oral evidence.

2. As Secretary of the Committee, I sent a Press Communiqué on the 23rd February 1921, to eight newspapers (5 vernacular and 3 English) in Bombay in which it was stated, *inter alia*, that the Committee "will be in Bombay from about the 12th to 22nd March 1921. Members of the public who desire to put their views before the Committee are invited to

apply to the Secretary, Deck Passenger Committee, c/o the Collector of Customs, Bombay. A list of questions on points arising out of the terms of reference to the Committee will be furnished to intending witnesses on application, and they will be invited to give their answers in writing and also to attend a meeting of the Committee the date of which will be communicated to them and will be within the above dates." The Communique appeared in the *Times of India* on the 28th February, 1st and 4th March 1921; the Committee have no reason to believe that the Communique did not appear in other newspapers also. In the circumstances the Committee feel that you will realize that your Chamber had sufficient time in which to arrange for the nomination of a representative (if they had been so minded) to appear before the Committee. The Committee only arrived in Bombay on the evening of the 11th March and as I had not received an application from you for a copy of the Questionnaire I wrote to you on the 14th instant with a view to bring this fact to your especial notice.

3. The Committee will be leaving Bombay for Madras on Monday the 21st instant. They would be very glad even now if your Chamber could see their way to arrange for their representative to appear before the Committee any time to-morrow between the hours of 10-30 A. M. and 2 P. M. The Committee would in any case be much obliged if your Chamber would fill in their replies to such of the questions in the Questionnaire on which they may desire to furnish evidence. If your Chamber so wish the Committee would be very happy to interview any representative of your Chamber who may be in Madras (between the 26th and 30th March), Rangoon (between the 5th and 9th April) and Calcutta (between the 12th and 18th April).

I have, etc.,
E. F. ROGERS,

T-837

28th April 1921.

To

E. F. ROGERS, Esqr.,
Secretary, Deck Passenger Committee

CALCUTTA.

Sir,

With reference to your letter No. 162, dated the 8th March 1921, I am directed by my Committee to enclose herewith their views on the points brought out in the questionnaire prepared by the Deck Passenger Committee.

I beg, etc.,

J. K. MEHTA
Secretary.

THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Q. 1.—The Indian Merchants' Chamber and Bureau, 19, Bank Street, Bombay.

Q. 3.—Yes. Bombay-Cutch Mandvi run specially.

Q. 13.—Passengers on a voyage lasting 10 or 12 hours need not get the same amount of space as for a voyage lasting 120 hours but passengers on a voyage lasting 24 hours should get the same space as the latter.

Q. 15.—An Indian Deck Passenger should be given as much space as is allowed to an European passenger.

Q. 16.—The space allowed for both Indian soldiers and civilians is much too small. A space of at least 6 by $1\frac{1}{2}$ should be allowed for each passenger on the Bombay-Cutch Mandvi-Karachi runs and in calculating the number of passengers who could be carried account should be taken of units of 6 by $1\frac{1}{2}$ only. A passage running right across the ship should also be left clear to enable passengers to reach their places from the ladder and also to and from the latrines. All the corners

should not be taken into account and the amount collected as charges for luggage should be taken into consideration in fixing the number of passengers to be carried for a particular voyage.

Q. 17.—There should be permanent over-head shelter and side shelter for all passengers.

Q. 20.—Sleeping platforms greatly add to the comfort of the passengers and would liberate considerable amount of space on the deck. My Committee believe that they will be popular. They would like to suggest folding platforms in the nature of folding berths on railways.

Q. 23.—My Committee recommend 3 latrines for each hundred passengers which should be kept clean and should be lit up at night. Fasteners should be provided from inside. The make-up of the latrines leaves room for much improvement at present. The seats are made of such rough iron that they cannot be kept clean though cleaned occasionally. Neither the B. I. S. N. Co. nor the Bombay S. N. Co. provides more than the bare number of latrines prescribed. Some latrines should specially be reserved for women and bathing accommodation should also be made for them. As far as my Committee know no such accommodation is reserved on the Bombay Cutch Mandvi run.

Q. 25.—Better access to the latrines is wanted. The location also is not suitable.

Q. 26.—My Committee are of opinion that medical officers should be carried on even for voyages other than to or from Red Sea. Their qualifications need not be higher than those of Sub-Assistant Surgeons. No objection should be taken even if the companies appoint men with diplomas of Homeopathic institutions. The steamers on the runs are not at present provided with medical officers.

Q. 27.—My Committee think that this is sufficient but do not know if ships on the Bombay-Cutch Mandvi run carry materials for a temporary hospital.

Q. 30.—Existing scale of water-supply, namely, one Imperial gallon per head per day is sufficient if other water for washing and bathing purposes is provided.

Q. 31.—The facilities for obtaining some supply of water for ablution are not sufficient. The water is to be drawn from one tap only and no room is specially provided for purposes of ablution for which a separate space should be reserved.

Q. 32.—There is no need for carrying a high caste Hindu for the purpose of distributing water and for cooking.

Q. 33.—There is no necessity for having a separate accommodation for Hindus from Mahomedans. The cooking places, however, may be differently situated. If by a shop is understood a refreshment stall, my Committee approve of the idea of having such a stall on board the ship. Care, however, should be taken to see that the food provided is of a decent sort.

Q. 34.—My Committee fear that deck passengers carry sometimes an excessive quantity of luggage. This may be, however, owing to the difficulties of sending parcels, etc. to Cutch. Luggage is charged at a very excessive rate which must act as a deterrent. Luggage racks would be, however, an improvement. The reason for passengers not entrusting heavy luggages not required on the voyage to the charge of the cloak-rooms is that no claims are paid for pilferages from such luggages and they are sometimes delivered very late after the disembarkation of passengers. If the steamship companies were to arrange to deliver the luggages at once at the time of disembarkation and were to pay for pilferages from the luggages entrusted to them to be kept in cloak-rooms, passengers would be induced to make more use of these cloak-rooms. This would go a great way towards relieving the congestion.

Q. 37.—There is much improvement needed in the provision of shelter for passengers at embarkation and disembarkation. The present state is really scandalous. Even in Bombay there is no provision made for passengers to wait until embarkation. The Bombay Port Trust has at a

cost of several lacs provided retiring rooms for ocean going passengers leaving once a week but has singularly failed in providing scanty shelter for passengers on this run, where passengers leave twice or thrice a week. The Bombay Port Trust or the steamship companies have not even provided such essential facilities as sufficient water taps, privies, refreshment rooms, etc., near the place. Passengers on this run have to embark at the Cutch Kathiawar ports from and to native crafts. This system is very inconvenient inasmuch as passengers sometimes cannot reach the steamer and thus the passengers are either often over-carried or left behind. My Committee would therefore suggest that the steamship companies should have at least one steam launch at the important ports. These launches besides carrying passengers would in a calm water tow the boats to and from the steamer or in a rough sea help stray crafts and would be a boon for the passengers in cases where in rough sea the native crafts are in danger (every year there are one or two such cases and the passengers are drowned). The bay at Mandvi and other ports in this line are quite open and the steamer stops at a great distance and the crafts often being unable to reach the steamer the passengers are over-carried or left behind as the steamer stops only for a short time. The steam launch would greatly help in this respect in towing the crafts in time and thus be very convenient to both the passengers and the steamship Companies.

Q. 38.—There should be some space reserved for women. Under the present conditions, it is very difficult for women to sit, sleep, and dress in the ships before strangers.

Q. 39.—My Committee do not think that any improvement has been effected recently in conditions under which deck passengers travel.

Q. 40.—My Committee do not think that deck passengers can afford to pay higher fares which are at present high enough. On the Cutch Mandvi runs fares have been raised from Rs. 4-8 in year 1912-13 to Rs. 5-6 till 1913-14. Then Rs. 6-4 in 1914-15. Rs. 7-14 were till 1920. and at once from that fare it has been raised to 10-14 although

the freight in world round has gone very low yet this high charge is maintained there being monopoly.

T-697.

6th April 1921.

To

The Secretary to the Government of India,
Department of Commerce,
DELHI.

Sir,

I am directed to acknowledge the receipt of your letter of the 22nd March 1921, No. 2625.

In this connection I am asked to send to you herewith copies of correspondence which has passed between my Committee and the Deck Passengers' Committee which will throw much light on the way in which such Committees do the work allotted to them. It will be seen from the correspondence that my Committee were asked to send a representative for purposes of oral examination two hours after the questionnaire was received. This was manifestly impossible. If justice has to be done to the questionnaire and if grievances of sea-going passengers are to be properly placed before the Deck Passengers' Committee, it will require at least a fortnight to consult the leading interests concerned. When this was pointed out to the Secretary, Deck Passengers' Committee, attention of my Committee was drawn to advertisements which appeared in local papers asking intending witnesses to apply to the Secretary, Deck Passengers' Committee, for the questionnaire. It has been the experience of my Committee since the last several years that such advertisements are meant only for the public and not for recognised representative institutions like Chambers of Commerce which are always approached directly by the Committees and supplied with questionnaires with a request for their views. The result of the procedure adopted by the Deck Passengers' Committee is that my Committee could not send any representative for purposes of oral evidence. They are informed that hardly a few witnesses

representing public opinion in this matter were examined in Bombay, nor were the proceedings of the Committee made public. My Committee have been from the beginning emphasising the extremely important nature of the inquiry on which the Deck Passengers' Committee were engaged and it is greatly regrettable that the course adopted by them is not likely to conduce to any satisfactory solution of the problem which affects the life and happiness of thousands of poor passengers. My Committee may be allowed to point out that the procedure above described was followed recently by the Railway Police Committee also and it is therefore that they take this occasion to approach the Government cautioning them against the results which may ensue from the perfunctory manner in which the Committees appointed by the Government are doing their allotted work. Government cannot be unaware of the fact that such Committees have come to be looked upon by the public with want of confidence. It is essential, therefore, if public confidence is to be restored that the examination of witnesses and investigation of local conditions should be done in a thorough and systematic manner. My Committee beg to hope that Government will be pleased to consider this representation and to take such steps as they may deem necessary to ensure that public Committees or Commissions carry out their work in a manner which will inspire confidence in the public.

I beg, etc.,

J. K. MEHTA,

Secretary,

No. 3498.

Government of India.

DEPARTMENT OF COMMERCE.

Simla, the 9th May 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to reply to your letter No. 697, dated the 6th April 1921, in which the Indian Merchants' Chamber and Bureau makes certain

complaints regarding the procedure adopted by the Deck Passenger Committee.

2. These complaints are reproduced below :—

(1) The Chamber complains that it did not receive till the 15th March a copy of the questionnaire issued by the Committee and that on the same day it was asked by telephone to send a representative to give evidence before the Committee ;

(2) It admits that advertisements appeared in the leading Bombay newspapers from the end of February onwards announcing the scope of the Committee's enquiry and the dates on which the Committee would sit in Bombay and inviting members of the public who desired to place their views before the Committee to apply to the Secretary, c/o the Collector of Customs, Bombay, but it takes the view that such advertisements are meant only for the general public and that representative institutions such as Chambers of Commerce should have been approached direct by the Committee ;

(3) It suggests that the procedure adopted by the Deck Passengers' Committee is not likely to conduce to any satisfactory solution of a problem which affects the life and happiness of thousands of poor passengers ; and

(4) Finally, it complains of the perfunctory manner in which committees appointed by the Government of India do their allotted work and states that public confidence can be restored only if 'the examination of witnesses and investigation of local conditions are done in a thorough and systematic manner.'

3. The Government of India have made enquiries into the complaints of the Indian Merchants' Chamber and Bureau. They have ascertained that, besides publishing advertisements in the local newspapers, the Secretary to the Deck Passenger Committee sent copies of the questionnaire to the Government of Bombay on the 21st February 1921 and asked that copies might be sent to any association or other body which was likely to be interested in the subject matter of the Committee's enquiry.

ries. It was apparently not known to the Government of Bombay that the Indian Merchants' Chamber and Bureau, as a body, were specially interested in these enquiries and having regard to the objects* with which the Chamber was founded in 1907, the Government of India feel bound to point out that there was no apparent reason to suspect that the Chamber as a body would take a special interest in the matter. The Government of India were, of course, aware of the Chamber's interest in the enquiries of the Committee since the Indian Merchants' Chamber and Bureau specially asked to be represented on the Committee, and in a letter dated the 1st March they instructed the President of the Committee to send a copy of the questionnaire to the Indian Merchants' Chamber and to ask the Chamber to give evidence. Unfortunately, this letter followed the Committee from Calcutta to Karachi and from Karachi to Bombay.

It did not reach Mr. Hardiman till the 12th March and this fact accounts for the belated invitation received by the Chamber to give evidence. The Government of India regret that the invitation was so belated,

* "To encourage a friendly feeling and unanimity among the commercial men on all subjects involving their common good; to promote and protect the trade, commerce and manufactures of India and in particular to promote the general commercial interests of the Presidency of Bombay; to consider and deliberate on all questions affecting the rights of Indian merchants, to represent to the Government their grievances, if any, and to obtain by constitutional methods the removal of such grievances; to collect and compile and distribute in such manner as may be the most expedient for purposes of disseminating commercial and economic knowledge, all statistics and other information relating to trade, commerce and finance, specially India; as well as to form and maintain library, and generally to do all such matters as may promote the above objects in view; to arbitrate between parties willing to refer and abide by the judgment of the Chamber; to receive and decide references of matters of usage and custom in dispute, recording such decisions for future guidance and assisting by this and such other means, as the committee for the time being may think fit; to form a code of practice so as to simplify and facilitate the transaction of business;"

but they are unable to agree that the Deck Passengers' Committee was to blame or that there was anything lacking in the arrangements made by the Committee to obtain the evidence of members of the public or public bodies with special knowledge of or interest in the question of the accommodation provided for Deck Passengers under the Act of 1887. The Government of India agree that the question investigated by the Committee was one of much importance. They are informed that Mr. Hansraj Pragji Thackersay, the Vice-Chairman of the Chamber, wrote for a copy of the questionnaire on the 1st March, and they regret that the Indian Merchants' Chamber and Bureau, as a protest against what it conceived to be a failure on the part of the Committee to approach it in due form, abstained from sending a representative to make known its views on a problem which, to use its own words, 'affects the life and happiness of thousands of poor passengers.'

I have, etc.,

C. A. INNES,

Secretary to the Government of India.

T.935.

To

The Secretary to the Government of India,

Department of Commerce,

S I M L A.

Re your letter No. 3498, dated the 9th May 1921.

28th May 1921.

Sir,

I am directed to convey the feelings of amazement and pain aroused at the manner in which the Government of Bombay evaded a public duty involving upon them of suggesting the nomination of a Member of this Chamber on the Committee and of calling upon this Chamber for placing their views before the Deck passengers' Relief Committee. My Committee regard this omission on their part as further proof of the manner in which attempt is made to ignore Indian interests and to belittle Indian public

opinion by making invidious distinctions and humiliating associations that are purely Indian. The reason adduced by the Bombay Government in their defence, *viz.* that the aims and objects of this Chamber did not cover this subject is ridiculous. If that was so, I am directed to ask, did the aims and objects, as printed on paper of the Bombay and Bengal Chambers of Commerce whose nominees sat on the Committee, cover the ground? It could not have been unknown to them that this Chamber had made representations on several occasions on the subject to the Government of India. It is inconceivable that the executive in the province of Bombay would not know the enterprise and multifarious activities of the merchants of the Bombay Presidency in the coasting trade of all the sea surrounding India from Singapore to Cape Town. In connection with this activity representatives are sent out and merchants themselves travel and the families of these also travel and are directly concerned in the conditions of passenger shipping as provided by the coasting lines. Complaints have been sent to the Government of Bombay and the shipping companies by suffering mercantile community from time to time and when there was no redress, complaints have been made legitimately to this General Association of merchants of the Bombay Presidency. Apart from this there are members of this Chamber who are interested in ships that are plying on the coast. In the control of shipping generally, both for passenger and freight, it is preposterous to suggest that merchants have no interest. If the Government of Bombay were acting under the belief that the question of deck passengers only affected indentured and other labourers, then they have betrayed singular ignorance of the common conditions of trade, shipping, and economical life of their province. If, on the other hand, they have merely made a distinction in favour of the English Chamber of Commerce against this Chamber, my Committee deplore that as a spirit of antagonism of Indian interests, which they hoped was on the decline. Nor was a precedent wanting to the Government of Bombay—there was a committee on Life Saving Appliances appointed in 1913 on which the then Vice-Chairman of this Chamber, Sir Fazulbhoj Currimbhoj, had a seat. From every standpoint my Committee can regard this action of the Government of Bombay as a deplorable one and one which leaves in their minds a

sense of bitterness and disappointment. Such comfort as my Committee could have derived by an open acknowledgment of official error is also denied to them by the most egregious attempt to gloss over the whole situation with the usual Sam Jav. This my committee cannot but regard as an insult added to the injury.

With regard to the last para of your letter my Committee regret to note that the Government of India cannot still find that the Deck Passengers' Committee was to blame or that there was anything lacking in the arrangements made by the Committee to obtain the evidence of members of the public or public bodies with special knowledge of or interested in the question of the accommodation provided for Deck Passengers under the Act of 1887. My Committee will be much obliged if you will kindly enlighten them on the question as to which public bodies sent their representatives to give evidence before the Committee and who were the gentlemen who gave evidence themselves on the question. As far as my Committee are aware hardly a few witnesses representing public opinion in this matter were examined in Bombay. This would go a long way to discount the Report of the Deck Passengers' Committee whenever it is published. My Committee cannot help feeling that the Government of India have lost a very good opportunity of getting public views on a very important problem after spending so much money, time and trouble on it. My Committee fear that the Government of India have not still appreciated the reasons which operated in my Committee's not being able to send a representative for purposes of oral evidence to the Deck Passengers' Committee. It was not merely as "a protest against what it conceived to be a failure on the part of that Committee to approach in due form" that this step had to be taken. As explained previously in my letter to you, my Committee were asked to send a representative for purposes of oral examination within two hours after the questionnaire was received. This was, as remarked in my previous letter, manifestly impossible. If sufficient time had been given, my Committee would not have refrained from sending a representative even though the procedure adopted by the Committee was most unfair. In fact, my Committee did send later on a

representation setting forth all their replies to the questionnaire of the Deck Passengers' Committee.

I beg, etc.,

S. M. MUZUMDAR,

Asstt. Secretary.

APPENDIX XL.

Proposal to fix a ratio of the minimum Subscription to the Authorised Capital of a Joint Stock Company.

No. C-1231.

REVENUE DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 24th February 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau.

Subject.—Proposal to fix a ratio of the minimum subscription to the authorised capital of a Joint Stock Company.

Sir,

I am directed to forward a copy* of Government Order No. 446 of 16th February 1921 and to request that Government may be favoured at an early date with the opinion of your Chamber on the Subject.

2. In this connection I am to invite reference to Government letter No. 119^C-A. dated 14th April 1920 and your reply to it.

I have, etc.,

SHAMRAO D. MANKAR.

Under Secretary to the Government of Bombay,
Revenue Department.

* With ten spare copies.

Indian Companies Act.

Proposal to fix a ratio of the minimum subscription to the authorized capital of a joint stock company.

GOVERNMENT OF BOMBAY.

REVENUE DEPARTMENT.

Order No. 446.

Secretariat, Fort, Bombay.

Dated the 16th February 1921.

Letter from the Government of India, Department of Commerce, No. 141 dated 6th January 1921:—

"I am directed to refer to the correspondence ending with your letter No. G.—105 dated the 23rd August 1920, communicating the views of the Local Government and of the commercial bodies and others who were consulted, on the question of imposing an *ad valorem* duty of $\frac{1}{4}$ per cent. on the nominal capital of all companies registered under the Indian Companies Act, 1913.

"2. The replies which have been received to this Department's letter No. 2112-D.* dated the 10th March 1920, indicate a considerable diversity of opinion. On the one hand, it is considered that the proposed duty would not be sufficient to deter the flotation of unsound or bogus companies, or even to check appreciably the inflation of nominal capital. On the other hand, it is represented that it would discourage the growth of the investment habit which has not yet taken firm root in India, and would hamper legitimate enterprise. These views are to some extent mutually destructive. But since opinion as to its efficacy is so divided, the Government of India have decided not to proceed with the proposal.

*Printed in the preamble of Government Order No. 1198 dated 14th April 1920.

" 3. At the same time, the Government of India are impressed with the need for taking action, if this is practically possible, to check the excessive inflation of nominal capital for 'window-dressing' purposes. The figures given by the Government of Bengal for the years 1918-19 and 1919-20 show that the total nominal capital of companies in the Bengal Presidency increased by 87 per cent., while the paid up capital increased by only 17·7 per cent. A suggestion has been received that the law should be amended so as to provide that the minimum subscription on which the directors may proceed to allotment and the company commence business, should bear a reasonable proportion to the amount of the authorized capital. As the law now stands, section 93 (1) (d) of the Indian Companies Act requires that the prospectus of a company should state the minimum subscription on which the directors may proceed to allotment. The ratio of the minimum subscription to the authorized capital should, for the intelligent reader, be a fair indication of the *bonâ fides* of the flotation. And in the United Kingdom, where the law is the same, this is regarded as an adequate safeguard. But conditions are different in the United Kingdom where there is a powerful financial press and commercial intelligence generally is more highly developed. In India, it seems doubtful whether the provisions of section 93 (1) (d) of the Indian Companies Act are sufficient to protect the more ignorant investor. The Government of India, therefore, are inclined to think that the law might advantageously be amended in the manner suggested. It should be stated that there is precedent for such an amendment in other parts of the Empire. Section 21 of the Victorian Companies Act of 1896 provides that no company shall commence business until one-third of the shares has been subscribed and one-fourth of the subscribed capital paid up. Again, under section 26 of the Canadian Companies Act of 1906, business cannot be commenced under penalty of liability of the directors to the creditors until 10 per cent. of the capital has been subscribed and paid up.

" 4. I am now to request that the Government of Bombay, after consulting such commercial or other bodies, as may be thought desirable, will favour the Government of India with an expression of their views on the proposal to amend the Indian Companies Act in the manner suggested. In

particular, the Government of India would be glad of an opinion on the following points :—

(1) Should the Indian Companies Act require that a minimum percentage of the authorised capital should be *subscribed* before allotment is permitted?

(2) Should the Indian Companies Act require that a minimum percentage of the authorised capital should be *paid up* before allotment is permitted?

(3) If so, what should the minimum percentages be?"

ORDER.—Copies of the letter from the Government of India should be forwarded to the Chambers of Commerce, Bombay and Karachi, the Bombay Millowners' Association, the Indian Merchants' Chamber and Bureau, the Bombay Presidency Trades' Association, the Bombay Underwriters' Association, and the Chairman, Associated Exchange Banks, Bombay, with a request that they will favour Government with their opinions on the subject.

2. Copies of the letter should also be forwarded for favour of opinion to the Commissioner in Sind, the Commissioners of Divisions, and the Registrar of Companies. The Commissioners should be requested to consult such select officers, businessmen or private bodies in their Divisions as they may think fit.

By order of the Governor in Council,
SHAMRAO D. MANKAR,
Under Secretary to Government.

T. 734.

9th April 1921.

To,

The Under Secretary to the Government of Bombay,
Revenue Department,
BOMBAY.

Sir,

With reference to your letter dated 24th February 1921, No. C. 1231, regarding the proposal to fix a ratio of the minimum subscription to the

authorized capital of a Joint Stock Company, I am directed by my Committee to give below their views on the three specific points raised in your letter under reply:—

(1) The authorized capital should not be allowed to be published in advertisements or prospectuses.

(2) A minimum of 20% of the issued capital should be subscribed before a company is allowed to proceed to the allotment of shares.

(3) There should be no limit laid down for the minimum percentage of the authorized capital being paid up before allotment is permitted.

I beg, etc.,

J. K. MEHTA,
Secretary.

APPENDIX XLI.

Affixing Stamps to Contracts in Share Transactions.

No. A. 511.

REVENUE DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 3rd March 1921.

To,

The Secretary,

Indian Merchants' Chamber and Bureau,

Subject,—Affixing stamp to contracts in share transactions.

Sir,

I am directed to forward a copy of letter from the Government of India, Finance Department, No. 3275-F. dated 30th December 1920, on the above subject and to request you to favour Government with the views of the Chamber in the matter.

I have, etc.,

SHAMRAO D. MANKAR,

Under Secretary to the Government of Bombay,

Revenue Department.

No. 3275-F.

Government of India.

FINANCE DEPARTMENT.

To

The Chief Secretary to the Government of Madras
Bombay

The Secretary to the Government of Bengal,
Financial Department.

Dated Delhi, the 30th December 1920.

Sir,

From time to time the subject of the use of blank transfers in share transactions has been brought to the notice of the Government of India. Under existing practice a seller of a block of shares attaches a stamp to the deed of transfer which he has signed, but the name of the purchaser is not at that stage ordinarily inserted. The shares with a blank deed attached may change hands a number of times before they ultimately pass into the possession of a buyer who decides to keep them and to register himself as their holder. He then signs the deed and the transfer is complete.

2. From the point of view of the loss of revenue which is involved in this practice, Government is interested in securing its discontinuance or at any rate in placing a check on it, while it is understood that there is a considerable body of commercial opinion which would favour any procedure which might have such an effect.

3. Short of declaring blank transfers illegal, the Government of India have never had a practical suggestion put before them which would in their opinion be sufficient to stop the practice. The evasion of the law in the circumstances is easy and it is difficult to devise a scheme according to which it would be to somebody's interest to see that the law was conformed to. It has, however, been recently suggested that action on the lines of sections 77 and 78 (copy enclosed) of the English Finance Act of 1910 would operate in the direction of protecting the revenues. These

sections impose upon each contract note a stamp duty varying from between 1-40th to 1-200th per cent., require all contracts for the purchase and sale of shares to be covered by a contract note so stamped, and declare the broker's right to a commission to be not enforceable unless the contract note was duly stamped.

4. The adoption of similar provisions in India would probably secure that transactions in shares would contribute to the stamp revenues. It is possible, however, that commercial considerations are of sufficient weight to make such a proposal unsuitable for India.

5. I am, therefore, to ask that, if the Governor in Council has no objection, the matter may be referred to the local Chambers of Commerce European and Indian, and to any other bodies or individuals concerned, and the Government of India favoured with your opinion on the subject after considering their replies.

I have, etc.,

J. C. NIXON,

Under Secretary to the Government of India.

Extract from the Finance Act, 1910 (10 Edw. VII, Chapter 8).

* * * * *

77. (1) There shall be charged on every contract note as defined by this section for or relating to the sale or purchase of any stock or marketable security the following stamp duties :—

Where the value of the stock or marketable security—

is 5£ and does not exceed 100£	... Six pence.
exceeds 100£ and does not exceed 500£	... One shilling.
exceeds 500£ " " "	1,000£ ... Two shillings.
exceeds 1,000£ " " "	1,500£ ... Three shillings.
exceeds 1,500£ " " "	2,500£ ... Four shillings.
exceeds 2,500£ " " "	5,000£ ... Six shillings.
exceeds 5,000£ " " "	7,500£ ... Eight shillings.
exceeds 7,500£ " " "	10,000£ ... Ten shillings.
exceeds 10,000£ " " "	12,500£ ... Twelve shillings.
exceeds 12,500£ " " "	15,000£ ... Fourteen shillings.
exceeds 15,000£ " " "	17,500£ ... Sixteen shillings.
exceeds 17,500£ " " "	20,000£ ... Eighteen shillings.
exceeds 20,000£ ...	... One pound.

(2) Where a contract note is a continuation of carrying over note made for the purpose of continuing or carrying over any transaction [for the sale or purchase of stock or marketable securities, the contract note, although it is made in respect of both a sale and purchase, shall be charged with duty under this section as if it related to one of those transactions only, and, if different rates of duty are chargeable in respect of those transactions, to that one of those transactions which would render the contract note chargeable at the highest rate.

(3) For the purposes of this Part of this Act, the expression "contract note" means the note sent by a broker or agent to his principal, or by any person who by way of business deals, or holds himself out as dealing, as a principal in any stock or marketable securities, advising the principal, or the vendor or purchaser, as the case may be, of the sale or purchase of any stock or marketable security but does not include a note sent by a broker or agent to his principal where the principal is himself acting as broker or agent for a principal, and is himself either a member of a stock exchange in the United Kingdom or a person who *bonâ fide* carries on the business of a stock broker in the United Kingdom, and is registered as such in the list of stock brokers kept by the Commissioners.

(4) Where a contract note advises the sale or purchase of more than one description of stock or marketable security, the note shall be deemed to be as many contract notes as there are descriptions of stocks or securities sold or purchased.

78. (1) Any person who effects any sale or purchase of any stock or marketable security of the value of five pounds or upwards as a broker or agent, and any person who by way of business deals, or holds himself out as dealing, as a principal in any stock or marketable security, and buys or sells any such stock or marketable security of a value of five pounds or upwards, shall forthwith make and execute a contract note, and transmit the note to his principal, or to the vendor or purchaser of the stock or marketable security, as the case may be, and in default of so doing shall incur a fine of twenty pounds: Provided that this section shall not apply in the case of transactions carried out in the course of their ordinary business relations between members of stock exchanges in the United Kingdom.

(2) If any person makes or executes any contract note chargeable with duty and not being duly stamped, he shall incur a fine of twenty pounds.

(3) No broker, agent, or other person shall have any legal claim to any charge for brokerage, commission, or agency, with reference to the sale or purchase of any stock or marketable security of the value of five pounds or upwards, if he fails to comply with the provisions of this section.

(4) All stamp duties on a contract note are to be denoted by an adhesive stamp appropriated to a contract note, and the stamp is to be effectively cancelled by the person by whom the note is executed by writing on or across the stamp his name or initials, or the name or initials of his firm, together with the true date of his so writing.

(5) Any stamp duty on a contract note may be added to the charge for brokerage or agency, and shall be recoverable as part of such charge.

* * * * *

T-740.

12th April 1921.

To

The Under Secretary to the Government of Bombay,

Revenue Department,

BOMBAY.

Sir,

With reference to your letter, dated 3rd March 1921, No. A-511, regarding affixing stamps to contracts in share transactions I am directed by my Committee to say that they do not approve of the proposal that action on the lines of sections 77 and 78 of the English Finance Act of 1910 should be taken in the matter.

I beg, etc.,

J. K. MEHTA,

Secretary.

APPENDIX XLII.

*Substitution of non-refundable Town Duty in place of
the present Town Duty.*

BOMBAY MUNICIPALITY.

No. T. D.-412/A of 1920-1921.

Date 18th February 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau.

Sir,

I have the honour, by direction, to inform you that a proposal is under consideration to substitute a non-refundable duty equivalent to a light Terminal Tax in place of the present Town Duty and to request the favour of your views and any suggestions you may wish to offer. The articles so far proposed to be taxed are shown below :—

Name of Article.	Taxation.		Per.
	Rs.	a. p.	
Coal & Coke	0	0 6	Bengal Maund.
Dyes & Tans	0	0 6	"
Fodder	0	0 6	"
Hides & Skins	0	1 0	"
Gunnies	0	1 0	"
Oils	0	0 6	"
Oil-seeds	0	0 1 1/4	"
Iron & Steel	0	0 6	"
Tea	0	7 0	"
Sugar, Molasses & Gur ...	0	0 6	"
Timber	0	1 0	"
Wool	0	1 0	"
Ghee	0	12 0	"
Wines & Spirits	0	2 0	Imperial Gallon.
Beer	0	0 3	"
Nuts & Dry Fruits	0	1 0	Bengal Maund.
Spices of all sorts	0	0 6	"
Motor Wagons }	2	8 0	Per cent. on value.
" Cars }			
" Cycles }			
Machinery worked by electric, steam or manual power for mills and factories	2	8 0	"

I have, etc.,

Illegible,

Dy. A. & Town Duty Refund Officer,

T-588.

9th March 1921.

To

The Deputy Assessor & Town Duty Officer,
The Bombay Municipality,
BOMBAY.

Dear Sir,

With reference to your letter No. T. D. 412-5-A of 1920-21, dated 18-2-21, I am directed by my Committee to request you to supply to them the following information :—

- (a) A complete list containing the names of all the articles that are subject to town duties together with the amount of duties levied on them.
- (b) If it is proposed to levy town duty on commodities that are not mentioned in your letter under reply.
- (c) Whether there are any articles mentioned in your letter under reply which are at present not subject to any town duty.
- (d) What are the reasons which may have prompted the Municipality to abandon the old system and to adopt the new system in question.

On receipt of this information my Committee will send their views at their earliest convenience.

Yours faithfully,

J. K. MEHTA,

Secretary.

BOMBAY MUNICIPALITY.

No. T.D./412-A of 1920-1921.

Date 23rd March 1921.

To

The Secretary,

The Indian Merchants' Chamber & Bureau.

Sir,

Re : PROPOSED TERMINAL TAX.

With reference to your letter, dated 9th March 1921, regarding proposed Terminal Tax, I have the honour to inform you that the present

system of Town Duty has always been a source of complaint and many merchants have actually requested that a non-refundable duty be introduced at an early date. The articles subject to Town Duty at present are given below, with the rates shown against each item :—

Articles.		Maximum rates of Town Duties leviable.
Grain of all sorts	...	6 annas per Khandi.
Flour of all sorts	...	75 per centum of the rate at the time being levied on the grain from which the flour is prepared.
Wines and Spirits	...	4 annas per Imperial Gallon.
Beer	...	6 pies " " "
Sugar, Molasses & Gur	...	8 annas per cwt.
Ghee	...	10 annas per Bombay Maund.
Timber, exclusive of Rail-way sleepers	...	2½ per cent. on its market value.
Firewood	...	2 annas per Khandi.

I have, etc.,

Illegible,

Dy. Assr. & Town Duty Refund Officer.

T-835

To

The Deputy Assessor & Town Duty Refund Officer,

Bombay Municipality,

BOMBAY.

27th April 1921.

Dear Sir,

With reference to your letters, dated the 18th February and 23rd March 1921, I am directed by my Committee to express their views as follows :—

- (a) That grains and flour, of all sorts, may be exempted from payment of Town Duty altogether.
- (b) That Manganese Ore may be included in the list of articles to be taxed and that a tax of six pies per Bengal Maund may be levied on the same,

- (c) That timber may be taxed not upon weight but on the percentage basis ; it may be taxed at the rate of 1 per cent.

Yours faithfully,
J. K. MEHTA,
Secretary.

APPENDIX XLIII.

*Interview with the Hon'ble Mr. W. M. Hailey, Finance Member of
the Government of India.*

A meeting of the Committee of the Indian Merchants' Chamber and Bureau was held on Tuesday, the 12th April 1921 at 12-30 p. m. (S. T.), to discuss with the Honourable Mr. W. M. Hailey, Finance Member of the Government of India, certain questions relating to his Department. The following gentlemen were also present :—Mr. E. M. Cook, Finance Secretary, Government of India, Mr. McWatters, Controller of Currency, and Mr. Carson, Deputy Controller of Currency, Bombay. Mr. Lalji Naranji, the Chairman of the Chamber, made the following speech:—

Sir,

In welcoming you on behalf of my Committee, I should like first of all to express to you our high appreciation of the honour you have done us again in meeting us to discuss a number of important financial questions affecting the interests of this country. The Indian Commercial Community, as you are no doubt aware, Sir, view with deep anxiety and concern the present trade depression and the financial tightness and we are constrained to say that, we believe, the Government of India and the Secretary of State cannot altogether dissociate themselves from the responsibility for the discontent and dissatisfaction prevailing. The collapse of commodity prices and the break-down of the purchasing power of Europe would have come in any event but if Government had not meddled with exchange as they did and thereby hampered our exports and stimulated our imports, India would have been able to accumulate a further credit balance during the first half of the year 1920 which would have helped us more easily to

meet our present liabilities and at the same time our sterling assets would have remained intact. While, therefore, my Committee fully recognize that the present situation of trade is due to world causes, they feel very strongly that the position for India was seriously aggravated by the action of the Government and there would not have been that serious export of capital the effects of which we all deplore to-day.

During your first interview with us on the 31st March last year you observed, Sir, that the Secretary of State was a Minister of the Crown responsible to Parliament and must so remain for all the affairs of this country. While that is certainly the correct constitutional position our contention has been that a department like the Finance Committee of the Secretary of State for India removed thousands of miles away from this country, cannot possibly and ought not to be responsible for initiating or in any way directing such vital and important operations as those dealing with currency and exchange. This arrangement is practically in contradiction to the announcement of Lord Selbourne and to the promises made by the British Statesmen with regard to the fiscal powers of this country. We feel that a correct interpretation of the words 'Fiscal Autonomy' should rightly include not only the freedom of this country to levy such tariffs as she likes but also to deal with all matters relating to currency and exchange. We objected again and again to decisions on such vital matters being taken by the Secretary of State on his own initiative or even by Governor-General in Council by means of ordinances. Our object is to emphasize our opinion that it is a dangerous practice to effect vital changes by executive orders without consulting the legislature. May we couple with it the hope that in future such a dangerous practice will be discontinued and no changes of any consequence will be made in the Currency Policy of the Government without the assent of the representatives of the people.

You were good enough to telegraph to my Committee in reply to their letter of the 25th February 1921, regarding the present depression requesting us to indicate the precise measures which we would suggest. You referred in the telegram to the scheme of International Credit on

which my Committee were consulted. They had given their opinion on this a day before the receipt of your telegram. The opinion expressed by my Committee with regard to the report of Brussels Economic Conference showed, we hope, that we were not content merely with sending telegrams and letters of protest but had given long and serious consideration to the Ter-Muelen Scheme and had given our views freely on the matter to the Government. My Committee would be glad to know what progress has been made in this direction, and also what action, if any, the Government of India have taken on the views expressed by my Committee in this respect. We feel the scheme fails to appreciate the real difficulties and to provide for it. My Committee have suggested the appointment of a Committee of Bankers in this country to enquire whether some solution of the kind attempted in America is possible.

The present trade depression presents two aspects, one International and the other National. In our reply regarding the report of the Brussels Economic Conference my Committee have dealt with the International aspect of the question. With regard to the National aspect of the question, my Committee cannot approve of methods like the imposition of an import duty on silver to steady exchange. Such expedients, we fear, would be of merely a temporary nature. The Commercial Community has some sad experience of Government interference in currency and exchange matters and are of opinion that further Government interference will not be helpful, may even be harmful, unless the whole situation is reviewed by a Committee of expert merchants and bankers in this country. We fail to understand why this reasonable request for the appointment of a Committee to review the whole situation is being ignored by the Government. As you are aware, the Babington Smith Currency Committee itself contemplated such a fresh Committee to examine the situation in case of an emergency, such as we are faced with. We should like, however, to emphasize that such a Committee should consist of a majority of Indians with an Indian Chairman and hold its sittings in India. Nominations to this Committee must be made by representative commercial institutions. In fact every effort must be made to constitute the

Committee in such a manner as will invite the full confidence and trust of the people and we would urge that no further action based on the majority report be taken till the Committee proposed by us has submitted its report.

As regards the present dead-lock in the import-trade, my Committee feel that an equitable solution of the difficulty is possible and that not only the offices in India and the shippers and manufacturers in England but also the Home Government might be fairly called upon to bear a share of the burden in view of the fact that they had been able to collect very large sums as excess profits duty simply on account of the very transactions which have contributed towards the present unfortunate situation. We feel that we cannot contemplate with equanimity the idea of letting things slide in the hope that exchange will some day go back to two shillings. Prompt action is necessary and we suggest that an emergency Committee should be immediately appointed to go into the question.

We are glad that a Committee is shortly to be appointed to consider the tariff policy of the Government of India. And we need not emphasize the very important and responsible character of the work of such a Committee. It was, therefore, that we telegraphed to the Government of India our views regarding its constitution. We hope it will consist of a majority of Indians with an Indian Chairman and that nominations will be invited from representative Commercial Institutions.

A resolution was brought in the last Sessions of the Council of State regarding the re-habilitation of the Government securities. My Committee have full sympathy with such a resolution and hope that Government will find a way to reassure holders who came forward to help Government by buying the securities some times at a premium. The necessity of taking such a step is all the greater because a large proportion of holders of these securities are religious and charitable institutions, widows and orphans who depend mainly on this investment for their maintenance. A depreciation of 50 % means to them the wiping out of half their property, which it will be acknowledged, is an extremely difficult situation for people who put implicit faith in this class of Government securities. In this connection my

Committee note that it has been proposed to appoint two separate Committees to go into the question in Bombay and Calcutta, respectively. We feel that there should only have been one Committee and that the Committee should sit in Bombay which is really the principal market for such securities in India.

Some of our members would like to know if any steps are to be taken to regulate German imports in this country. My Committee are, it may be said, averse to any interference in our trade with the Continent. Any such attempt will tend to cripple German resources which will mean again the continuance of a disturbed central Europe and will not conduce either to peace or prosperity of the world.

Before concluding, we should like, if you will permit us, sir, to express the very keen disappointment some of us have been feeling on the results of interviews such as this; for we feel that for some reason or another most of our representations to the department over which you have the honor to preside have remained unheeded. As a Committee, however, we would perhaps not subscribe to this view for we realise also the importance of the privilege, we have of direct Conferences with the representatives of the Government of India. But it would be unfair to some of my colleagues did I not draw your attention to the general fate of our representations to your department and to the purely negative results of our Conferences with you personally. It would be most unreasonable for any representative public body to expect acceptance of all its suggestions, for Government have no doubt after all to look to all sides of a question. But would it be too much for us reasonably to expect that at least some of our suggestions are seriously considered and responded to satisfactorily? Our regret is all the greater because without claiming any undue and extravagant credit for prophesying things my Committee think that they had given ample warning to the Government against the danger into which their Currency policy was drifting and the disaster which they were inviting. We warned the Government also against the assumption of the Currency Committee of the continuation of the high prices of silver. We urged as far back as in February last year that the least that Government could do was

to leave exchange alone. We pointed out the inevitable and serious loss that the country would have to suffer by the misdirected policy of selling reverse bills when exchange was high. We begged you to consider the grave dislocation in the finances, trade and industry of the country that was bound to result from the policy you adopted. But our cries fell, shall we say, on unheeding ears ?

Doubtless your visit to Bombay, Sir, is not entirely unconnected with preparations for bringing out your Government loans. Representing as we do, a very substantial part of the Indian Commercial Community, we feel that your failure to respond to the representations of the Chamber may result one day in the Indian Commercial Community taking a less active interest in the success of Government borrowings. We take no small pride, Sir, in the fact that according to our information, to quote an instance, the whole of the Bombay Development Loan which amounted to over 9 crores of rupees has now been absorbed by the investors. This only confirms how important the good-will of the Bombay market is to the successful flotation of loans. Whilst on this subject we should welcome a definite declaration from the Government that no future Imperial Government loans will be issued in India at a higher rate of interest than 6 % tax free.

My Committee would like to recommend to the Government of India that they should see that the balances of the Secretary of State in London are kept with the Imperial Bank of India instead of with the London Joint Stock Exchange Banks and that they should issue instructions to the Imperial Bank that preferences in redepositing such funds should be given to Banks whose main business is with and whose branches are situated in India. My Committee would also like to suggest that local banks whose head offices are in India should have the first offer of such funds.

Before I conclude, there is one more matter of no small importance to the pearl trade to which I should like to draw your attention. Under the revised Tariff Schedule pearls unset and imported unpierced are duty free while pearls pierced are charged with a duty of 11 per cent. The pearls are imported unpierced from the Persian Gulf and other places.

They are assorted here in different grades and pierced. They are then exported to European merchants. A large percentage of these exported pearls however is reimported on account of its having remained unsold. It is surely unfair that an import duty should be levied on a commodity which for all practical purposes is an Indian commodity and is reimported. Not only this but all such pearls remaining unsold and sent back to India are again exported after necessary changes have been made in the arrangement etc. It would be difficult if not impossible for even a rebate of duty being granted in the case of such pearls under customs rules as it will not be possible under the peculiar circumstances of the pearl trade to satisfy conditions regarding the period in which articles imported have to be reimported nor will it be easy for merchants to satisfy the customs authorities regarding the identity of the articles exported and reimported. My Committee are of opinion therefore that the duty of 11 per cent on the import of pearls pierced should be discontinued.

The Honourable Mr. Hailey gave the following reply :—

Mr. Lalji Naranji and gentlemen,

I thank you for your welcome. It is always a pleasure as well as a profit to visit the busy commercial centres of India. I do not think that personal discussion of our many problems with bodies of your importance is any the less necessary because we now have your representatives with us during our sessions at Delhi and Simla. Great as is the benefit to us, and I am sure to India also, of that representation, there are nevertheless many questions of pure finance on which the best arena of discussion is not the floor of a Legislative Assembly, but the Committee rooms of those commercial and financial bodies whose members represent and to some extent shape the views of the community on financial matters.

You have referred, Sir, in the first place to the present trade depression, and while admitting that the present situation of trade is due to world causes, consider that the position of India has been aggravated by the measures taken by us in respect of exchange. I welcome from you the recognition of the essential fact that the present undoubted depression is really due in large measure to the breakdown of the purchasing power of Europe, for I think that the recognition of this fact has come somewhat

slowly to India at large. Nor do I think that India has always looked on the position as a whole, or taken into consideration factors which exist on the credit side of the account. There is depression in our export trade ; there are difficulties, and have indeed been considerable losses incurred during the past months by import traders ; but there is no such depression in our home industries as is causing such acute industrial distress throughout Europe. There is an internal demand, and a demand at a good price, for practically every Indian manufactured product, at all events every one with which this side of India is concerned ; indeed in many cases the effective demand exceeds the supply. That surely is a feature of the situation which should tend to rob it of some of its gloom. I admit there has been fall in the value of industrial securities. Well, if I speak of your market as temperamental and not devoid of speculation, I am only using words employed in Bombay very recently by one who is entitled to speak with greater authority than I of Bombay and its money market. If a market is active and enterprising, it is often by nature speculative ; but such a market must have its ups and downs. You have had your boom ; and you are now on the downward grade again ; but I put it to you that there is in Bombay to-day a solid mass of sound dividend earning concerns which will continue to sustain the market in spite of the comb out which followed the conclusion of the late inflation. Then as to the effect of our exchange policy on aggravating the present situation. The controversy has waged long, and we are both well acquainted with the arguments employed on both sides. I want now only to emphasise two facts. I suppose that it will generally be admitted that even if the Babington Smith Committee had never sat, or if we had taken no action on its report, we should still have had a high rupee during the earlier part of the summer. It stood at 2/4 in February. Silver did not begin to fall for some time. It was inevitable that, apart from any action taken by us we should have had a high rupee for a considerable period, nor could anything have saved it subsequently from very considerable fluctuations. Now it would interest us and I am not alone I think in voicing that interest—to know how many of the import commitments which are now causing so much trouble were entered into before the Committee report-

ed? I have been perfectly frank elsewhere in admitting publicly that the attempts to make good the policy of the Committee have caused depletion of our sterling resources; and to some small extent, in view of the very abnormal conditions of trade and exchange on the Continent, may have contributed to check exports. I am quite prepared to admit that if other methods of selling Reverse Bills had been adopted the depletion of sterling resources would have been less marked. But if I admit this, I claim that there must be equal frankness on both sides, and we must have a clear recognition of all the factors before a verdict is arrived at.

You next refer, Sir to what I said on a previous occasion to the position of the Secretary of State as responsible to Parliament (within the terms of the Government of India Act) for the financial control of the revenues and expenditure of India. You claim that control cannot be properly exercised at so great a distance from India, and add that it is in your opinion dangerous to effect vital changes in currency policy and the like by ordinance, or without consulting the legislature. I think that the events of the last two months will have proved clearly to the country, that it would be very unlikely that (even where our statutory powers enabled us to do so) we should now be so rash as to attempt any wide changes in matters vitally affecting the finances of the country without coming to the legislature. But I must go further, and point out the statutory limitations on our own powers. We could not now effect any change in the legal ratio without again coming to the legislature. Let me take another example. We took the earliest step possible to bring a question vital to the financial interests of the country—I mean the constitution of our Paper Currency Reserve—before the legislature; and any change could now only be made after further discussion there. I say confidently, and in full knowledge of the views now held by the Indian Government, that you need have no apprehension that we should now attempt any change in financial policy without ventilating the matter before the representatives of India in the Imperial Legislature.

You next refer to a question of the highest importance to Indian trade the question of International credits. I would like to remind you that

within a few days of our hearing of the convocation of the Brussels Conference, and before even India's representatives had been chosen, we wired to London asking that every effort should be made to find at that Conference some working solution which should enable India to dispose of the heavy accumulation of cotton then embarrassing Bombay. We have throughout, officially and non-officially, urged the importance of finding in the interests of India's external trade some development of the International credit system adapted to our needs ; we have agreed to subscribe to any workable system requiring a financial guarantee, and I have no doubt that the Legislative Assembly would be willing to support us in undertaking any reasonable financial burden involved in that undertaking. The difficulties, however, are not light ; they are nowhere more clearly analysed than in your own letter, which contains, if I may be allowed to say so, one of the most close and thorough examinations of the position that we have received. I have no doubt that you have seen the announcement of the appointment of Sir D. Fraser in connection with this scheme, and have read with interest his recent speech on the subject. It is in one sense a strong confirmation of your own position ; namely, that however an International credit system based on the Ter Meulen suggestions may develop in the future, what is wanted in the immediate present is a corporation which can wield large capital resources and which is able to see those resources locked up for some considerable period. The period of repayment in respect of the export of raw material is bound to be slower than in the case of exported manufactured articles, since the raw material has to be worked up before it can be sold. I am awaiting a further reply from London as to the progress made by the movement there, and the definite form it is taking under Sir D. Fraser's guidance before considering the action suggested by you, namely, that bankers should be asked to meet here in order to discuss the possibility of starting a financing corporation on the American lines. I would put it to you, however, that our quantity of disposable capital is hardly sufficient to make it possible to found an Indian corporation of any magnitude, and it is possible that we may in the long run have to admit that the business must be financed from a centre with larger disposable resources.

You next refer to the question of the steps which can be taken to steady exchange. Now here you must allow me to confess to finding some difficulty in replying to you, because while on one hand you show great dislike to the idea that Government should interfere in any way with exchange, on the other you ask that a Committee should be appointed to review the situation. But I do not want to make purely argumentative points, especially since the Babington Smith Committee itself recommended that in certain contingencies the situation should be re-examined. My reason for thinking that the time is not yet ripe for the formal re-examination of the position is that no Committee, however constituted could at present offer us advice on which we could profitably take action ; for such action would connote a permanent change of policy. Could it, for instance, with any safety pronounce on the chances of a revival of continental trade ? Could it with any prospect of success estimate the effect of the present price of silver in restricting the late revival of production due to the former high prices ? We are not at present interfering with exchange, though I know that certain of your members would like us to sell Reverse Councils again. The crucial point will come when the pendulum swings, and a demand for Councils revives. Let us get a little nearer that time, and be in possession of the factors which are thus tending to create an external demand for rupees, factors which may be of a nature at present unsuspected and unforeseen, before we attempt formally to review the position. I think that ordinary prudence dictates a reasonable suspense of judgment here. But of one thing you may be assured. If it is agreed that any formal re-examination is to be undertaken, your view that there should be ample Indian representation on any body so appointed ; and that such body can come to no profitable conclusion without the fullest examination of Indian opinion in India itself, will be fully considered by Government. For the rest, I congratulate myself that the views which we expressed before the legislature on the subject of an import duty on silver are shared so emphatically by you.

You next refer to another question of great immediate importance, namely that which concerns the present difficulties of the import trade.

You suggest that the Home Government ought to bear a share of the losses which will fall on importers because it had made large collections on account of excess profits duty on the transactions which, as you say, have led to the present difficulties. I am glad that it is on this precise ground and on no other that you have put forward this claim; but I think that you would have some difficulty in maintaining this position before a court of equity. You will realise that your demand is that exporters should now liquidate at a loss because exchange has fallen, and that the Home Government should also subscribe to help importers in view of the share it has taken of the profits of exporters made when exchange was high. The Home Government might not unnaturally refer to the fact that if exporters now have to compromise at a loss, its own income-tax receipts must fall off, so that it will suffer twice over. Nor could we, I suppose, if we were put to the question, deny that Indian importers had also made considerable profits out of the high exchange; and you will see at once the implication of that argument. Then you suggest that an emergency Committee should be appointed to examine the question. I am bound to say that the Legislature when they discussed this point both in the Assembly and the Council of State did not favour the idea that if such a Committee were to be assembled, it should be appointed by Government. If I am correct your own representative in the Assembly expressly disclaimed the proposal. I can only repeat here what His Excellency Lord Reading said in reply to you only a few days ago. The matter is not, in our opinion, one for the interference of Government. It is not that we fail to appreciate the difficulties in which some Indian importing houses, and also those who have imported directly without the intervention of an importing house, now find themselves; that is not the case. But we do not believe that we could usefully assist in what is essentially a matter for decision between the individuals concerned and I emphasise the word individuals. There are it seems to me several interests at stake. There is the English or American exporting firm. The exporting firm has either sent goods direct to an Indian importing house or it has sent direct to an Indian buyer; in the former case the difficulty lies between the importing house

and its clients, in the latter the difficulty lies between the exporting house and the Indian buyer. You would not, I assume, ask us to exercise Government influence on behalf of the English or American exporting house; equally, I may add that if as a Government we were asked from the other side to exercise such influence we should reply that it was not the proper function of Government to do so. Then comes the question between the other elements to which I have referred. I cannot see that we ought to take any steps to adjudicate between the importing house and its clients. Only the individuals know each other's resources and commitments; only they know where give and take is necessary, in order to prevent a break-down; and a breakdown is of course what both parties wish sincerely to avoid. I cannot see how any third party can usefully come between individuals in negotiations of this nature, and I feel that I ought to add that the same argument applies in my opinion whether the third party be Government or any other body. Finally, there is the question of the Indian buyer who has brought direct from an exporting house. Now, we know that the exporting houses have had agents out here who are prepared to settle off with buyers and have in many cases within my knowledge done so in the last two months. I can see therefore no legitimate ground for interference on the part of Government; I go further and say that I believe that such interference would be dangerous, since it would produce something like a moratorium in business, whereas the whole interests of the community are concerned in settling off the present outstanding differences as soon as possible and getting to work on the demand for fresh supplies of piece-goods which is now undoubtedly offering in the country. I am not going to add anything here to what has been said on the question of the national credit or discredit involved. We do not now want to discuss principles, or to coin more hard words for use by either side. In my experience nothing leads to so much acrimony as the abstract assertion of principles in these matters, or the coining of expressions to support the varying interests of parties to a dispute about a money transaction. Business men are not at their best in arguing about principles, but in settling the details of business to their mutual advantage. It is purely as a business proposition that we should seek to discuss and dispose of this question.

You refer to the Committee shortly to be appointed to consider the fiscal policy of the Government of India. That does not lie in my Department, but I know enough of the case to be able to assure you that the necessity for adequate Indian representation has not been overlooked.

I come now to the next question—that relating to the rehabilitation of Government securities. I recognise the importance of what you say regarding the hardship arising from the fact that a large number of the holders of these securities are religious and charitable institutions and widows and orphans. But we have to remember also that very considerable amounts of these securities have changed hands at the modern market prices, and to such purchasers therefore they now represent full value. You express regret that in considering measures to rehabilitate these securities we have appointed separate Committees to go into the question at Bombay and Calcutta, respectively. Let me state exactly the reason why we have done this. We want to get the best non-official opinion possible on the matter, and it is difficult to get the right non-officials to leave their businesses and travel about India, especially during the summer, on a Committee of this nature. That is our sole reason for having two Committees on the subject; they will, of course, have a single Secretary who will be able to co-ordinate their work. I think the difficulties of the situation are illustrated by your own suggestion that there should be only one Committee, and that it should sit in Bombay, for that implies that you yourself recognise how inconvenient it would be for Bombay witnesses and members to go to the other side of India. But it is not, I think, the case that the majority of such securities are held in Bombay; and you yourself admit that it is the original holders and not those who are engaged in the purchase and re-purchase of these securities who have to be considered. They are held largely all over India and in any case I would ask you to take a somewhat more liberal and national view of this case than is implied in your suggestion that the interests of Bombay as a purchasing and selling centre should have first claim.

As regards the question of a duty on German imports, it stands as follows. We have been asked what we propose to do in the matter; but

we do not know yet what we ourselves are to get in the way of reparations. The very many difficulties involved in the process of collection—the difficulty for instance of deciding how far the contents of the import are really German in origin, and the difficulty of a bank dealing with bills on which it is never certain whether some subsequent payment may not have to be made on account of the fact that part of the contents are of German origin, have already been pointed out in the public discussions on the question. Further, of course, we are interested in the export aspect of the case; if German trade is cut down by this duty, our export of raw material may be reduced. We ought therefore to know definitely what we stand to lose or gain before we can take action.

As you say, my present visit is partly connected with the question of next year's loan. You will understand my delicacy in dealing now (specially in so susceptible a market as Bombay) with your request that we should make a definite declaration that no future Government loans should be issued in India at a higher rate of interest than 6 per cent. tax free. I can only permit myself to say that we only went as far as 6 % with the greatest reluctance, and all our interests as well as yours, are concerned in reducing the interest charges on our capital issues. But if I cannot here discuss the steps we are likely to take in regard to our next issue, I can at all events join with you in congratulating Bombay not only on the strength of the resources but on the fervour of the local patriotism which made your Bombay loan so great a success. There is no one in India who does not wish Bombay well in its efforts to reconstruct Bombay on the fuller, healthier, and more spacious lines which its great development demands and justifies. We are fully conscious that in regard to the flotation of our all-India loans we owe a great deal in the past and shall depend a very great deal in the future on the good will of Bombay. It is just for this reason that we have not been ungrudging in our attitude to Bombay's own loan; we have not judged of your effort in any way in the light of the effect it might have on our own market; we believe indeed that anything which tends to your rapid industrial development will eventually extend that market. Do not therefore regard us rivals for Bombay money; let me

ask you to remember that the money we have to raise, whether it is for the repayment of our war bonds or for capital expenditure on Railways is a matter in which Bombay itself is vitally interested. You have had our good will in regard to the Bombay flotation ; we ask for yours in regard to our own loans ; and I want nothing more than that we should both work together in the interests of the whole of India to keep down interest rates.

I note that you consider that the Imperial Bank of India now occupies a position which justifies a claim that the Secretary of State's balances should for the future be kept with it. The Secretary of State is under section 23 of the Government of India under certain statutory obligations to the Bank of England ; and further the money he now holds is little more than till money. He will not hold larger resources until he again sells Councils, or raises a loan in London for us, but we shall of course place before him your suggestion regarding the deposit of Indian money with the Imperial Bank and the use to be made of such money.

I will ask Mr. Cook to discuss with you the point you have raised in regard to the duty on pearls, for it is I know a matter on which he has made some inquiries. And this brings me to the end of the points you have asked me to discuss except for one matter ; and I must apologise for taking it out of its due turn. You complain that I have not reacted with sufficient speed, or with sufficient certainty, to the stimulus of the criticisms and suggestions which your Chamber has addressed to me. Now only a few days ago, in looking through a collection of those articles in which the press pronounces its views of our many demerits and endeavours to bring us to a proper recognition of our own unworthiness, I read one which told me that I was unduly susceptible to the voice—but it did not use that word—of Bombay. While one ear was still smarting with that criticism, you have made the other tingle with a rebuke that both have been deaf to your admonitions and your chiding. Let me say one thing—if your Chamber,—or any other public body, finds that in matters of long and wide controversy we do not immediately react to the advice given us, it is not because we do not to the best of our ability weigh that advice. And let me say another—

if we have taken a line anywhere which has not commended itself to you, or any other of our advisers, it is not because we have been prejudiced in favour of one section of the community, of one locality in India, of one particular trade interest, or of Home interests against Indian interests; but in whatever we have done we have done to the best of our lights acted in the interests of India as a whole and of India only.

After some informal discussion with some of the members of the Committee the Chairman thanked the Honourable Mr. Hailey for the kind interview granted by him to the Committee and the proceedings of the meeting then terminated.

APPENDIX XLIV.

Allowances to Appraisers in the Customs Department.

T-894.

17th May 1921.

To

The Secretary to the Government of India,

Department of Commerce,

SIMLA.

Sir,

I am directed by the Committee of this Chamber to request you to be good enough to give information with regard to the following particulars:—

- (1) What is the amount of fines realised by the Government during the last three years from Bombay in cases where merchants are punished by Collector of Customs for violation of Customs Rules?
- (2) What is the amount given as presents to appraisers for detecting the faults of merchants?
- (3) What is the amount of fines thus realised for each department of the Customs Department?

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- (4) What are the different amounts thus earned by different appraisers?

I beg, etc.,

J. K. MEHTA,
Secretary.

No. C.-1577.

REVENUE DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 23rd June 1921.

To .

The Secretary,

Indian Merchants' Chamber and Bureau,

Subject.—Request for information regarding amount of fines levied for violation of customs rules and extent of rewards paid to appraisers.

Sir,

With reference to your letter dated 17th May 1921, to the address of the Government of India, Department of Commerce, which has been forwarded to this Department for disposal, I am directed by the Governor in Council to refer you to Appendix I of the Annual Report on the Sea-borne Trade and Customs Administration of the Bombay Presidency for the answer to the first question. The Governor in Council is not prepared to give the information asked for in the other three questions.

I have, etc.,

SHAMRAO D. MANKAR,
Under Secretary to the Government of Bombay.

T-1214.

6th August 1921.

To

The Secretary to the Government of India,
Department of Commerce,

SIMLA.

Sir,

The attention of the Committee of this Chamber is drawn to the system at present in vogue under which Appraisers in the Customs Department are given a particular amount for detecting faults of merchants. My Committee feel that such a system is highly undesirable. Appraisers are servants of the Government and like other public servants must rest satisfied with salaries which they receive without being given any direct interest in the fines inflicted through their efforts. My Committee may be permitted to point out that their position in no way differs from Police officers for instance, whose principal duty consists in detecting thefts. Any suggestion that these Police officers should be rewarded by being apportioned a part of the fines inflicted on the delinquents would at once be run down. There is no reason then why Appraisers in the Customs Department should enjoy a privilege which is not being enjoyed by other servants of the State. My Committee have made enquiries if such a system is prevalent in countries like the United States of America and Japan and the information they have received is that it does not prevail in either of these two countries. The system lends, directly, my Committee fear, to an anxiety on the part of Appraisers to prove guilt on the part of merchants. My Committee hope that the Government of India will be pleased to do away with this unnatural practice altogether.

I beg, etc.,

J. K. MEHTA,

Secretary.

APPENDIX XLV.

Pooling of Wagons.

No. 1917/44.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Allahabad, 11th September 1920.

Sir,

As you are doubtless aware, an arrangement has been in force on all broad gauge railways in India since the beginning of this year whereby a general pool of their goods rolling stock has been formed. Under this system of working, wagons of any railway received at a station can be loaded indiscriminately to any other broad gauge station in India irrespective of the ownership of the wagon. Under the old rules for the interchange of rolling stock wagons, after being unloaded, were required to be returned promptly to the owning line, either loaded or empty, some slight diversion being permitted to secure a load to or in the direction of the owning line.

The system now in force was introduced with the object of obtaining the best possible use of the rolling stock available and the question to what extent this object has been attained and whether the system should be continued or modified will be discussed at the session of the Indian Railway Conference Association to be held in Simla next month.

From the Railway point of view the system has its advantages and disadvantages and I am instructed by the president of the Association to ask if your Chamber will be good enough to say whether in their opinion it has been beneficial to the trade of the country as a whole. The opinion of your Chamber would be of assistance to the Conference Association when considering the matter and I am to ask therefore that I may be favoured with a reply not later than the 2nd October.

I have, etc.,

Illegible,

Secretary.

ANNUAL REPORT OF THE

T.-1.

4th October 1920.

Telegram.

To

The Secretary,

Indian Railway Conference Association,

ALLAHABAD.

"Your letter 17th September 1920 No. 1917/44. My Committee think that the system of pooling of wagons has been beneficial to the trade of the country as a whole. Secretary Indian Merchants' Chamber."

T.-758.

15th April 1921.

To

The Secretary to the Government of India,

Commerce Department,

SIMLA.

Sir,

The Secretary, Indian Railway Conference Association, informed me in his letter No. 1917/44 that an arrangement had been in force on all broad gauge railways in India since the beginning of the year whereby a general pool of their goods rolling stock had been formed. I shall be obliged if you can let me know if that arrangement is found satisfactory.

I beg, etc.

J. K. MEHTA,

Secretary.

Government of India.
RAILWAY DEPARTMENT.

(Railway Board.)

No. 72 T./20.

Dated Simla, the 6th of May 1921.

To

The Secretary,

The Indian Merchants' Chamber & Bureau.

Sir,

With reference to your letter No. T. 758, dated the 15th April 1921, to the address of the Department of Commerce, which has been transferred to this Department for disposal, I am directed to state that the pool which is in force has proved satisfactory in so far that it has enabled railways to make greater use of the wagons available than would otherwise have been the case, and this was its main object. Other details arising from the operation of the pool are receiving the attention of railways.

I have, etc.,

S. D. MANSON,

Asstt. Secretary, Railway Board.

APPENDIX XLVI.

Overcrowding of Passengers on S. S. Karoa.

T-898.

18th May 1921.

To

The Secretary to the Government of India,

Department of Commerce,

SIMLA.

Sir,

My Committee received some time back a telegram from the Indian National Association, Zanzibar, as follows :—

“ Understand steamship Karoa overcrowded deck passengers kindly enquire on arrival harbour all hardships cable number

passengers consider such congestion mainly responsible also creating infectious diseases made representations necessary quarters this furnishes concrete illustration necessity Indian representation committee recently appointed shipping enquiry also for holding enquiries East African shipping service. "

This telegram was forwarded to the Secretary, Deck Passengers' Committee, in continuation of my Committee's representation. With reference to this my Committee will be much obliged if the Government will be pleased to make enquiries regarding the number of passengers on the steamship Karoa which arrived in Bombay on or about the 29th March 1921. It is alleged that on this voyage she carried more than 1,700 deck passengers or even more as she loaded also some from Mombasa. This steamship belongs to the British India Steam Navigation Company from whom the Government can well get the information.

I beg, etc.,
J. K. MEHTA,
Secretary.

No. 3847.

Government of India.

DEPARTMENT OF COMMERCE.

Simla, the 1st June 1921.

To

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

I am directed to say that your letter No. T. 898, dated the 18th May 1921, regarding a case of overcrowding on the S. S. "Karoa" has been forwarded to the Government of Bombay for such action as may be considered necessary.

I have, etc.,
J. B. TAYLOR,
Under Secretary to the Government of India,

T-1062.

6th July 1921.

To

The Secretary to the Government of Bombay,
General Department,
BOMBAY.

Sir,

The Committee of this Chamber will feel obliged if you can inform them what action has been taken or proposed to be taken in the matter of overcrowding on the S. S. "Karoa" with reference to my letter No. T/898, dated the 18th May 1921 to the Secretary, Government of India, Commerce Department, who has forwarded the same to you.

I beg, etc.,

S. M. MUZUMDAR,
Asstt. Secretary.

No. 9525.

GENERAL DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 4th August 1921.

To

The Secretary,
The Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

With reference to your letter No. T-1160, dated the 28th July 1921 regarding the alleged overcrowding on the S. S. "Karoa," I am directed by the Governor in Council to say that the question is under consideration.

I have, etc.,

Illegible,

for Deputy Secretary to the Government of Bombay,
General Department.

ANNUAL REPORT OF THE

No. 713 C.

GENERAL DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 5th October 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Subject.—Alleged overcrowding of passengers on
board the S. S. "Karoa".

Sir,

In continuation of my letter No. 9525, dated the 4th August 1921 on the subject noted above, I am directed by the Governor in Council to refer you to the Government of India to whom a report in the matter has been made by this Government.

I have, etc.,

S. N. ZIMAN,

Deputy Secretary to the Government of Bombay.

General Department.

 T-1440.

7th October 1921.

To

J. B. TAYLOR, Esq., I. C. S.,

Under Secretary to the Government of India,

Department of Commerce,

SIMLA.

Sir,

Referring to your letter No. 3847, dated the 1st June 1921, my Committee have been informed by the Deputy Secretary to the Government of Bombay, General Department, by his letter No. 713-C. dated the 5th inst., that a report on the alleged overcrowding of the passengers on board

INDIAN MERCHANTS' CHAMBER AND BUREAU 279

the S. S. "Karoa" has been submitted to the Government of India. I shall feel obliged if you will be good enough to favour my Committee with a copy of that report.

I beg, etc.,

S. M. MUZUMDAR,

Ag. Secretary.

No. 6047.

Government of India.

DEPARTMENT OF COMMERCE.

Simla, the 17th October 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Alleged overcrowding of passengers on board the S. S. "Karoa."

Sir,

I am directed to acknowledge the receipt of your letter No. T. 1440, dated the 7th October 1921, and to say that the Government of India regret that at this stage in the proceedings they are unable to furnish you with a copy of the report of the Government of Bombay. When a final decision is arrived at, you will be duly informed.

I have, etc.,

J. B. TAYLOR,

Under Secretary to the Government of India.

No. 6494.

Government of India.

DEPARTMENT OF COMMERCE.

Delhi, the 10th November 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau.

Alleged overcrowding of passengers on board the S. S. "Karoa".

Sir,

In continuation of this Department letter No. 6047, dated the 17th October 1921, I am directed to forward, for your information, a copy of a

statement showing the actual number of passengers carried on board S. S. "Karoa", during her voyage from Durban to Bombay.

2. It will be seen that the maximum number of passengers carried by the S. S. "Karoa" during any part of her voyage, was only 1,000 and not 1,700 as alleged. As the maximum number of passengers permissible on this voyage was 1,089, there was no overcrowding rendering the master or owners of the vessel liable under section 38 of the Native Passenger Ships Act, 1887.

I have, etc.,

E. C. ANSORGE,

Deputy Secretary to the Government of India.

S. S. "KAROA".

Statement of Indian Passengers from Durban to Bombay.

Durban — embarked	...	346	
Delagoa Bay	...	1	— disembarked.
		345	
Delagoa Bay — embarked	...	103	
		448	
Left with	...	9	— disembarked.
Beira	...	439	
		55	
Beira — embarked	...	494	
		1	— disembarked.
Sailed with	...	493	
Mozambique	...	21	
		514	
Mozambique — embarked	...	170	
		684	
Sailed with	...	111	— disembarked.
Zanzibar	...		

		573	
Zanzibar — embarked	...	427	
Sailed with	...	1,000	
Mombassa	...	351	— disembarked.
		649	
Mombasa — embarked	...	327	
Sailed with	...	976	— for Bombay.

True Copy.

LAJPAT RAI,
for Superintendent,
Department of Commerce.

T-731.

9th April 1921.

To,

The Secretary,

The Deck Passengers' Committee,

CALCUTTA.

Dear Sir,

I enclose herewith for your information a copy of the telegram received from the Honorary Secretary, the Indian National Association, Zanzibar, relating to the over crowding of Deck Passengers. In this connection my Committee would like to point out that if the facts stated in the telegram are correct the conditions described therein are scandalous and call for careful enquiry in the matter.

I beg, etc.,

J. K. MEHTA

Secretary.

ANNUAL REPORT OF THE

No. 369.

Office of the

DECK PASSENGER COMMITTEE,

C/o Department of Commerce.

Dated Simla, the 18th May 1921.

To,

The Secretary, the Indian Merchants' Chamber
and Bureau, 19, Bank Street, Fort,

B O M B A Y.

Sir,

I have the honour to inform you that your letter No. T-731, dated the 9th April 1921, forwarding a copy of a telegram from the Honorary Secretary, the Indian National Association, Zanzibar, regarding the alleged over-crowding of deck Passengers on the S. S. "K a r o a," was only received by me on the afternoon of the 16th instant (*vide* cover enclosed).

2. The Deck Passenger Committee closed their enquiries on the 27th April 1921, and I have therefore passed your communication on to the Government of India, Department of Commerce, for any action that they may consider necessary. You will realise, however, that it will be difficult at this late date for Government to make any satisfactory enquiries on the subject. Should any similar case arise in the future, I would suggest that you should immediately bring the facts to the notice of the Local Government concerned, who will, I am sure, only be too glad to verify if the number of passengers on board is in excess of the permissible limit, or if the requirements of the Native Passenger Ships Act, 1887, have been violated in any other way.

I have etc.

E. F. ROGERS.

Secretary.

APPENDIX XLVII.

Surcharge on wheat-flour and bran.

T-793.

21st April 1921.

To

The Secretary to the Government of India,

Finance Department,

SIMLA.

Sir,

It has been enacted under the Indian Finance Act, 1921, Schedule 4 that on all goods other than food grains and pulses, firewood and fodder, a surcharge will be charged at 0/2/6 per rupee of nett freight payable in the case of goods carried by a railway and 0/1/3 in the case of goods carried by an inland steam vessel. My Committee beg to draw the attention of the Government of India to the fact that notwithstanding this, the Railway Companies are charging the surcharge on wheat, flour and bran also. Wheat-flour should be considered as food-grain and bran is solely used as food for the cattle and therefore is an article of fodder. My Committee cannot understand why exemption provided for in the Schedule should not apply to these two commodities. Both of these commodities are necessities of life and yet are made dearer to the consumers through surcharge being charged on them against the intended meaning of Schedule 4; to illustrate this my Committee beg to give some actual figures of the excess up-country merchants have to pay for the wheat-flour and bran imported from Bombay.

Station.	Bags.	Weight	Freight	Surcharge	Excess.	
		Mds. Srs.	Rs. as.	@ 2 p. per md. @ 0/2/6		
				Rs. as.	per Re. Rs. as.	
Madras	180	434-10	380-0	4-9	59 6	54-13
Bangalore	25	60-13	66-13	0-10	10-8	9-14
Ootacamund	125	301-33	553-3	3-2	86-7	83-5

Under these circumstances, my Committee beg to hope that the surcharge must have been levied on wheat-flour and bran through only a mis-

interpretation of Schedule 4 of the Indian Finance Act and will not be made operative in the case of these two articles.

I beg, etc.,
J. K. MEHTA,
Secretary.

Government of India.
RAILWAY DEPARTMENT.
(RAILWAY BOARD).
No. 44 T-16.

Dated Simla, the 6th of May 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

With reference to your letter No. T. 793, dated the 21st April 1921, addressed to the Secretary to the Government of India, Finance Department, which has been transferred to this Department, for disposal, I am directed to state that the Railway Board regret that exemption from surcharge cannot be granted in the case of wheat-flour and bran.

I have, etc.,
S. D. MANSON,
Assistant Secretary, Railway Board.

T. 754-55.

To

The General Traffic Manager, G. I. P. Ry., and

Do.

Do.

B. B. & C. I. Ry.,

BOMBAY.

14th April 1921.

Dear Sir,

You are aware that under the Indian Finance Act, 1921, Schedule IV, it is enacted that on all goods other than food-grains and pulses, fire wood

and fodder a surcharge will be charged at two annas six pies per rupee of nett freight payable in the case of goods carried by a railway and one anna three pies in the case of goods carried by an Inland steam vessel. In this connection, my Committee are informed that the railway companies are charging this surcharge on wheat-flour and bran also. My Committee will be greatly obliged if you will kindly let them know if this statement is true and if your railway is charging this surcharge on wheat-flour and bran also.

An early reply will oblige.

Yours faithfully,
J. K. MEHTA,
Secretary.

GREAT INDIAN PENINSULA RAILWAY.

(Incorporated in England.)

No. R. 306.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

19, Bank Street, Fort,

BOMBAY.

Dear Sir,

Your No. T-754 of 14 instant *re* Surcharge.

The Government has not exempted flour and bran from the levy of surcharge hence that charge is collected.

Yours truly,
Illegible,
Ag Deputy Traffic Manager.

BOMBAY, BARODA & CENTRAL INDIA RAILWAY.

(Incorporated in England by Special Act of Parliament.)

General Traffic Manager's Office:

No. R. 115/17 P. III.

Bombay, 2nd May 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY:

Subject:—Re Surcharge tax on flour, etc.

Dear Sir,

With reference to your letter No. T.-755, dated 14th April 1921, I beg to inform you that Government orders received in this office allow exemption of surcharge tax on grain and pulses only. Accordingly, surcharge tax is levied on flour but not on bran which latter is treated as fodder which is also exempted.

I would suggest your representing the matter to Government direct.

Yours faithfully,

W. H. WILES,

for General Traffic Manager.

18th June 1921.

T.-995.

To

The General Traffic Manager,

Bombay Baroda & Central India Railway,

BOMBAY.

Sir,

With reference to your letter No. R/115/17P 111, dated the 2nd May 1921, I am directed by the Committee to say that they are much obliged for the information conveyed to them. They would, however, like to point out that the statement made therein that surcharge is not levied

on bran does not appear to be supported by facts as there are specific instances to show that surcharge is being levied on the same. To quote an instance sixty bags of bran were consigned from Bombay to Bhilad (a station on the B. B. & C. I. Railway) and excess amounting to Rs. 2-13-9. was charged as surcharge on the same.

Under the circumstances my Committee request that an inquiry may be made in this matter and a reply sent to them at an early date.

I beg, etc.,

J. K. MEHTA,

Secretary.

BOMBAY, BARODA & CENTRAL INDIA RAILWAY COMPANY.

(Incorporated in England by Special Act of Parliament.)

(Including the Holkar State and the Scindia Neemuch State Railways.)

General Traffic Manager's Office:

No. R. 115/17/P. III

Bombay, 24th June 1921.

To

The Secretary,

Indian Merchants' Chamber & Bureau,

19, Bank Street Bombay.

Subject:—Surcharge tax.

Dear Sir,

In reply to your letter No. T-995 of 18th June 1921, I beg to inform you that since writing my last letter to you on the subject, further orders were received from Government in which it was made clear that fodder for the purpose of surcharge includes bhoosa, churi, Karbi, grass and hay only. As bran is neither coming under fodder nor under grain and pulses under the Indian Railways General Classification of Goods, surcharge tax is correctly leviable. A copy of revised instructions issued to staff is enclosed for your information.

Yours faithfully,

Illegible,

for General Traffic Manager.

18th June 1921.

T. 993.

To

The Secretary to the Government of India,
Railway Department,
SIMLA,

Sir,

With reference to your letter No. 44/T-16, dated the 6th May 1921, my Committee regret very much that their letter No. T/793, dated the 21st April 1921, has received a reply that exemption from surcharge cannot be granted in the case of wheat-flour and bran.

My Committee on inquiring about the matter through the G. T. M. B. B. & C. I. Railway, received a reply stating that surcharge was levied on flour only but not on bran, which latter was treated as fodder which was also exempted.

Over and above the figures supplied in their previous letter referred to above, I enclose herewith a statement showing the excess, the up-country consumers had to pay on account of the increased surcharge.

Under the circumstances my Committee would again like to urge on the Railway Board the desirability of reconsidering the matter and declaring that Schedule 4 of the Indian finance Act will not be operative in the case of wheat, flour and bran.

I beg, etc.,
J. K. MEHTA,
Secretary,

Government of India.
RAILWAY DEPARTMENT.
(Railway Board.)

No. 335 T/21.

Dated Simla, the 28th of June 1921.

To

The Secretary,
The Indian Merchants' Chamber and Bureau,
Bombay.

Exemption of wheat, flour and bran from the surcharge.

Sir,

With reference to your letter No. T 993, dated the 18th June 1921, I am directed to state that wheat has been exempt from the surcharge since it was introduced.

2. "Flour", which includes attah, maida and soojee, has been exempted from the surcharge with effect from the 1st June 1921. In this connection attention is invited to the Railway Department (Railway Board's) Notification dated the 26th May 1921, which was published in Part I of the Gazette of India dated the 28th idem.

3. The Railway Board regret that bran cannot be exempted from the surcharge.

I have, etc.,

S. D. MANSON,

Asst. Secretary, Railway Board.

APPENDIX XLVIII.

Demurrage charged by the Railway Companies in consequence of the holding up of wagons due to strike.

No. G. 715/21.

Bombay, 10th May 1921.

To, ...

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

Sir,

We beg to bring to the notice of your Chamber the difficult position of Industries as regards their liability for payment of demurrage charged by Railways on account of wagons held up in consequence of a general strike at their Works.

2. Owing to a general strike at our Works at Jamshedpur in March 1920, which lasted for 26 days, several wagons of the Bengal-Nagpur Railway carrying load on our account were held up either at the Exchange sidings at Tatanagar or outside the Exchange sidings and at wayside stations. The Bengal-Nagpur Railway charged us over Rs. 1,00,000 (one lac) for demurrage during the whole period of the strike on account of such detention. Our General Manager protested

against the payment of these charges but ultimately paid the same having regard to our close association with the Railway in question.

3. Subsequently we took up the question with the Railway with a view to arriving at some arrangement whereby in the event of strikes at our Works, we could avoid these charges in future.

4. The Bengal-Nagpur Railway state that they are unable to give us any relief or to come to any arrangement with us, as under the existing Rules for interchange of wagon stock, every foreign Railway wagon on the B. N. Railway is qualifying for hire charges which have to be met by the B. N. Railway and under the present system of a General pool two-thirds of the B. N. Railway traffic is carried in wagons of foreign Railways.

5. With the present disturbed condition of labour this question is likely to become one of considerable importance to all industries in the country and we think it would be as well to represent to Government and the Railways that some definite principle should be laid down. The argument that the benefit of 'force majeure' should not apply in the case of transport because wagons are at present pooled seem to have no particular validity. In such a case it could be arranged between the Railways concerned that any concession extended to an industry affected by a strike should be shared between them proportionately.

6. We understand that the question of exempting wagons from hire charges, when such wagons are detained on account of strikes on railways, is one of the subjects to be discussed at the next Railway Conference to be held some time in October next.

7. We therefore suggest that your Chamber should take up this question, which, no doubt, you will agree is of considerable importance to all industries, with the Railway Board, and we suggest that in future it should be accepted as a principle that where a strike breaks out at the Works of a Company without warning while wagons are actually in transit, then such Company should not be held liable for demurrage, but where wagons are loaded and despatched at the request of the Company after a strike has broken out, the Company should be held liable for demurrage.

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8. Copies of this letter are being sent to the Bombay Chamber of Commerce, Bengal Chamber of Commerce, the Jute Mills Association, the Cotton Mills Association, the Metallurgical Industries Association, and the Madras Chamber of Commerce.

We have, etc.,

Tata Sons, Ltd., Agents,

N. W. PETERSON,

Director.

No. T. 904.

20th May 1921.

To,

The Secretary to the Government of India,

(Railway Department, Railway Board),

SIMLA.

Sir,

The attention of my Committee has been drawn to the liability of industrial concerns to pay demurrage charges to the Railway Companies in consequence of a general strike at their works. Owing to general strike for instance at Messrs. Tata Iron & Steel Co.'s factory at Jamshedpur in March 1920, several wagons of the Bengal Nagpur Railway were held up, in consequence of which they were held liable to pay demurrage charges to the extent of Rs. one lac. In reply to the Company's representation to the Bengal Nagpur Railway in this connection the Company stated that as under the present system of a general pool 2/3 of their traffic was carried in wagons of foreign railways they were not in a position to waive their right of claiming demurrage charges from the said Company. As the question is of considerable importance to all the industries, my Committee would like to suggest that it should be considered at the next Railway Conference which is to be held some time in October next.

I beg, etc.,

J. K. MEHTA,

Secretary.

ANNUAL REPORT OF THE

Government of India.

RAILWAY DEPARTMENT.

(Railway Board.)

No. 337 T-21.

Dated Simla, the 27th May 1921.

To,

The Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

Sir,

I am directed to acknowledge the receipt of your letter No. T. 904, dated the 20th May 1921, regarding the liability of industrial concerns to pay demurrage charges incurred in consequence of strikes at their works and to say that it has been forwarded to the Secretary, Indian Railway Conference Association, 27, Stanley Road, Allahabad.

I have, etc.,

S. D. MANSON,

Assistant Secretary, Railway Board.

 No. T-1289.

24th August 1921.

To

The Secretary,

Indian Railway Conference Association,

Dear Sir,

As regards the question of liability of Industrial concerns to pay demurrage charges incurred on wagons held up in consequence of strikes, our letter No. T-904 to the Secretary to the Government of India, Railway Department, is sent by him to you.

I beg now to inquire—

- (1) Whether it is put on the agenda for the next meeting ?
- (2) The date of that meeting ;

- (3) and whether Messrs. Tata and Sons, Ltd., and this Chamber will be given the facility of taking part in the discussion of the question?

Yours faithfully,

K. M. DESAI,
Asstt. Secretary.

INDIAN RAILWAY CONFERENCE ASSOCIATION.

No 3166/1.

Allahabad, 7th September 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Dear Sir,

In reply to your letter No. T.-1289, dated 24th instant, I beg to say that the question of the liability of Industrial concerns for demurrage during a strike at their Works has been placed on the Agenda for discussion at the next meeting of the Railway Conference which will commence sitting on October 10th.

Messrs. Tata and Sons' letter No. C. 1098/21, dated 9th July 1921, to the Secretary, Railway Board, will be printed and included in the Agenda and it seems doubtful whether it would be worth while for representatives of your Chamber and of Messrs. Tata & Sons to undertake a special journey for the discussion of this subject, especially as the Association has a very extensive Agenda to deal with at this meeting (which is likely to last for 10 days or over) and it will be difficult to settle beforehand the date and time when the subject will come up. If however you or Messrs. Tata & Sons are likely to have a suitable representative in Simla at the time, I think it probable that the Association would be willing to discuss the question with him. I could arrange for a vote to be taken at an early stage on this point, and if agreed upon, to intimate to you or

your representative the date and hour when the subject would be discussed.

The question of Industrial Concerns being represented at the Conference is one of the subjects on the Agenda.

Yours faithfully,

C. V. BLISS,

Secretary.

No. 3166/3.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

27, Stanley Road,

Allahabad, 23rd November 1921.

Sir,

With reference to correspondence ending with your letter No. T. 1408, dated the 27th September 1921, on the subject of the liability of Industrial Concerns for demurrage on railway wagons during a general strike at the works of such Companies, I am directed to state that in the consideration given to the subject at the Railway Conference in October last it was resolved that the matter was one for mutual arrangement between Industrial Companies and the Railways concerned.

I have advised Messrs. Tata Sons, Ltd. in these terms.

I have, etc.,

C. V. BLISS,

Secretary,

APPENDIX XLIX.

Passports for Aden.

Bombay 5th May 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Dear Sir,

We beg to bring to your notice a great injustice done to the residents of and passengers bound for Aden from Bombay. In every case a passport has been made requisite for passengers proceeding from Bombay to Aden, which usually entails considerable trouble and worry, not to say delay, to the passengers and especially to large employers of labour like ourselves. We are informed that no such passport is necessary for passengers going from Bombay to Karachi by sea, although both Aden and Karachi are within the jurisdiction and territories of the Bombay Government. Moreover, passports are not required even for passengers going from Bombay to Colombo which is entirely within the jurisdiction of another Government.

Under the circumstances, we beg earnestly to request you to place the complaint aforesaid before Government and move them to discontinue this odious restriction and cause of unnecessary hardship, and thus accord to passengers to Aden the same privilege as is enjoyed by the passengers to Karachi and even to Colombo.

Yours faithfully,

COWASJEE DINSHAW & BROS.

T-903.

19th May 1921.

To

The Secretary,

Political Department, Government of Bombay,

BOMBAY.

Sir,

The attention of the Committee of this Chamber is drawn to the fact that a pass-port has been made requisite for passengers proceeding

from Bombay to Aden. This entails considerable trouble and worry to passengers and especially to large employers of labour who have to send their employees to Aden. My Committee are informed that no such pass-port is necessary for passengers going from Bombay to Karachi by sea, although both Aden and Karachi are within the jurisdiction and territories of the Government of Bombay. It is also said that pass-ports are not required even for passengers going from Bombay to Colombo which is entirely within the jurisdiction of another Government. Under the circumstances my Committee beg to request the Government of Bombay to be pleased to discontinue restrictions in the shape of a pass-port to Aden, placing passengers to that place on the same level as passengers to Karachi or even to Colombo (if the information of my Committee regarding this is correct).

I have, etc.,
J. K. MEHTA,
Secretary.

No. P. C.-1982.

Passport Office,
Secretariat, Fort,
BOMBAY,
14th June 1921.

To

The Secretary,
Indian Merchants' Chamber and Bureau.

19, Bank Street, Fort, Bombay.

Sir,

With reference to your letter No. T-903, dated the 19th May 1921, regarding exemption of persons travelling between India and Aden from the necessity of taking out passports, I am directed to inform you that the Government of India who were addressed in the matter have intimated that the existing restrictions cannot be relaxed.

I have, etc.,
J. A. ARRATOON.
Passport Officer to the Government of Bombay.

APPENDIX L.

A Bill further to amend the Indian Factories Act, 1911.

No. 5709.

GENERAL DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 5th May 1921.

To

The Secretary,

Indian Merchants' Chamber & Bureau, Bombay.

Sir,

I am directed by the Governor in Council to forward herewith a copy of this Government Order No. 5708, dated the 5th May 1921, and accompaniments regarding a draft Bill further to amend the Indian Factories Act, 1911, and to request that you will be so good as to favour Government with the opinion of your Chamber not later than the 5th June 1921 on the provisions of the Bill in the light of the observations made by the Government of India in their letter cited in the Government Order.

I have, etc.

S. N. ZIMAN,

Deputy Secretary to the Government of Bombay.

Factories.

Amendment of the Indian Factories Act, 1911.

GOVERNMENT OF BOMBAY.

Order No. 5708.

Secretariat, Fort, Bombay.

Dated the 5th May 1921.

Letter from the Government of India (Department of Industries) no. L.—943, dated the 5th April 1921:—

"I am directed to enclose for the information of His Excellency the Governor in Council copies of the reports of the debates in the Legislative

Assembly and the Council of State on the Resolutions relating to the Conventions and Recommendations adopted at the Washington meeting of the International Labour Conference, and a copy of the Bill to amend the Indian Factories Act which was introduced in the Legislative Assembly by the Hon'ble Sir Thomas Holland on 1st March 1921 together with the statement of objects and reasons. In this connection I am directed to address you on the subject of the factory inspection staff.

" 2. It will be observed that in its main lines the Bill follows the Resolutions that were adopted in the two houses of Indian Legislature. One of the chief provisions embodied in the Bill is to extend the definition of a factory to all establishments using power and employing twenty persons or more. Local Governments, it is proposed, will have further the power to extend the definition to any or all establishments employing ten persons or more irrespective of the fact whether they use power or not. Other provisions in the Bill, e.g., the deleting of the general exemption now enjoyed by factories in tea and indigo estates, the repeal of the present schedules and enunciation in their stead of principles in accordance with which local Governments will be authorised to grant general or special exemptions from the provisions of the Act, the liability of all factories to maintain complete registers of the hours of work of all employes, the strengthening of the provisions relating to safety, etc., will also entail much heavier work on the inspection staff than is imposed by the present law.

" 3. It is, therefore, scarcely necessary to point out that, if the proposals made in the Bill receive the approval of the Legislature, a considerable increase in the factory inspection staff will be required in most provinces. There has been in recent years an appreciable growth in the number of factories that come under the existing Factories Act and the work of the inspecting staff has increased correspondingly. The Government of India are aware that local Governments are anxious to maintain a high standard of administration in this respect and that proposals are under consideration in several provinces for an augmentation of the staff. It is desirable that in coming to a decision on this question local Governments will bear in mind the increased demands on the inspecting staff that the revised Act will entail.

"4. Under the present Act all District Magistrates are *ex-officio* factory inspectors. In the larger provinces the administration of the Act falls chiefly upon whole-time inspectors, but some provinces share the services of whole-time inspectors, while in others no whole-time factory inspector has been appointed. The Government of India recognise that it is not possible for the smaller administrations to employ even one whole-time factory inspector under present conditions. But they are strongly of opinion that no province should continue to depend entirely on *ex-officio* inspectors and that in all the Governors' provinces there should be at least one whole-time factory inspector serving that Government alone.

"5. It is proposed to retain the provision by which all District Magistrates are *ex-officio* factory inspectors. It is of course impossible for a District Magistrate who has other and more important duties to devote much time to factory inspection. At the same time the Government of India suggest that the attention of District Magistrates be directed to their powers and their duties in this respect. The new Bill, if passed, will have the effect of including a large number of small factories situated away from the main lines of communication. In many of these small factories an occasional surprise visit by the District Magistrate should be of considerable assistance to the regular staff in indicating abuses which cannot be detected during an inspection from head-quarters. In this connection the local Government will doubtless consider the advisability of a close *liaison* between District Magistrates and whole-time inspectors. Without the close co operation of the District Magistrates it will not be possible for the factory inspection staff to administer the Act effectively or even to discover all the existing factories.

"6: As regards the *personnel* of the factory inspection staff it is probable that improvements can be effected in most provinces. Such local Governments as have made endeavours to recruit factory inspectors in this country have found the task far from easy. The Government of India have no doubt that local Governments will continue to make efforts to obtain factory inspectors by direct recruitment in India, and wherever possible of Indians, and, with the growing interest in technical education

and in mechanical science, the removal of the present difficulties should be rapid. Also with the increase in the number of Indian-owned and Indian-managed factories, some of the existing difficulties in the employment of an indigenous staff will disappear. In the meantime I am to suggest that the appointment of assistant inspectors or sub-inspectors may prove to be one solution of the difficulty. It should be possible to recruit young men with some technical qualifications who would commence work on lower rates of pay than those hitherto given to factory inspectors. These assistant inspectors could work under the direct supervision of trained inspectors, and they should be able, by profiting from the instructions of the inspectors and from their own experience, to qualify themselves for appointment as full inspectors. A similar expedient had been adopted in the United Kingdom in the earlier stages of the history of factory inspection there. An assistant inspector need not have to start with all the powers conferred by law upon an inspector. Under section 4 (4) of the Act the local Government may appoint additional inspectors for all or any of the purposes of the Act within defined local limits. The assistant inspector could at the beginning be invested with powers under clauses (a) and (b) of section 5 and gradually with such other powers as the local Government might consider suitable in each particular case. He could also under executive orders be directed to limit his inspection to such factories as might be determined upon by the inspector or the chief inspector.

“ 7. The possibility of utilising the boiler inspection staff for factory inspection has already been considered by some Governments, and in more than one province the boiler inspection and factory inspection staffs have been co-ordinated. The Government of India recognise that close co-operation between boiler inspectors and factory inspectors is valuable and that boiler inspectors may be able, if empowered as factory inspectors, to supplement the work of the latter without detriment to their own duties. At the same time, co-ordination can be carried to a stage where it may result in a serious loss of efficiency. Boiler inspectors must give notice of their visits beforehand and the factory has to stop working altogether or in part when they appear. Factory inspectors, on the other hand, must see

the factory working, and if these inspectors are to be of any value, they must make frequent surprise visits. The Government of India therefore incline to the belief that the two staffs should not be combined into a joint staff performing both duties, unless a sufficient margin is available for surprise inspection in all cases.

"8. In connection with the general question of the supervision of conditions in factories, I am to invite the attention of the local Government to the draft Recommendation passed by the International Labour Conference at Washington in 1919 concerning the establishment of Government Health Services. (See paragraph 16 of Board of Industries and Munitions letter no. I-812*, dated 11th May 1920, and Appendix II to that letter, page 13). In one of the Resolutions passed by the two houses of the Indian Legislature the Government of India have been asked to examine the possibility of giving effect to this recommendation. As stated in the letter referred to, the Government of India believe that this recommendation was intended by the Conference to be strictly limited in its application. At the same time the debate in the Legislative Assembly disclosed the existence of a considerable body of opinion in favour of further measures for safeguarding the health of Industrial workers generally and I am to draw the attention of the local Government to the Statement made by the Hon'ble Sir Thomas Holland in the course of his speech on Mr. Joshi's amendment to this Resolution, at page 6 of the Official Report of the Legislative Assembly Debates. I am to request that the suggestions made in the debate may receive the consideration of the local Government and that the Government of India may be favoured with their opinion. The Government of India believe that local Governments fully recognise the necessity of maintaining the system of factory inspection in a high state of efficiency. The question of establishing a Government Health Service is by no means simple. The Government of India are inclined to the view that the establishment of a large service on a scale adequate enough to ensure full protection to the health of all factory workers is scarcely practicable at present, but they think that certain steps could be taken at once in this direction. In particular, they recommend that, in the chief indus-

* Not printed.

trial areas, an endeavour be made to secure the services of medical women who might be given the powers of an inspector and who would be specially charged with the duty of safeguarding the health of women and children.

"9. I am also to suggest that the local Government should employ whole time medical officers wherever this is possible. At the present time whole time certifying surgeons have been appointed only in Calcutta and Bombay. Elsewhere the work falls on civil surgeons and other medical officers who have many other duties to perform and have comparatively little time to devote to this work. They are not usually empowered as Inspectors of Factories, and in any case in large industrial centres, a civil surgeon, however energetic he may be, is quite unable to devote to certification and supervision of child labour the attention that is necessary to prevent even the graver abuses. The Government of India believe that the appointment of whole-time medical officers who, in addition to being certifying surgeons, might be invested with some of the powers of inspectors of factories, would give a measure of protection to children that cannot be secured by any other means. These officers might be made responsible for the health of the workers generally, and for the maintenance of sanitary conditions in factories. They would thus form a nucleus on which a Health service could be built upon the future.

"10. I am to request that with the permission of His Excellency the Governor the views and decisions of the local Government may be communicated to the Government of India by the 1st July next."

No. T-921

27th May 1921.

To

The Deputy Secretary to the Government of Bombay,

General Department,

BOMBAY.

Sir,

With reference to your letter No. 5709, dated the 5th instant I am directed by my Committee to inform you that they approve of the bill further to amend the Indian Factory Act 1911.

I beg, etc.,

J. K. MEHTA,

Secretary.

APPENDIX LI.

Despatch of Mails by the Up Kathiawar Express.

POSTS AND TELEGRAPHS.

No. 48399.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

Old Telephone Buildings, 19, Bank Street, Fort, Bombay,

Dated Bombay 14th May 1921.

Sir,

In continuation of this office letter no. 48399, dated the 16th October 1920.* I have the honour to inform you that arrangements have been made for the despatch of mails for Bombay by the Up Kathiawar Express train due to arrive at the Colaba Railway Station at 7.45 a.m. from the Ahmedabad, Anand, Baroda, Broach, and Surat Railway Stations from the 16th May 1921. It is hoped that these arrangements will meet with your requirements.

I have, etc.,

Illegible,

For Postmaster General.

No. T-920.

27th May 1921

To

The Post Master General,

BOMBAY.

Dear Sir,

With reference to your letter No. 48399, dated the 14th May 1921, I am directed by the Committee to inform you that they are much obliged for the new arrangements made by the Department for the despatch of mails for Bombay by the Up-Kathiawad Express for certain important

* Vide this Chamber's Annual Report for 1919-20 Page 634.

stations on the B. B. & C. I. Railway. The arrangement is no doubt calculated to give satisfaction to the commercial public of Bombay.

Yours faithfully,

J. K. MEHTA,

Secretary.

APPENDIX LII

Finance Corporation for India.

D. O. No. B & R 602.

Calcutta, the 13th May 1921.

Dear Mr. Mehta,

As promised at the meeting that I had recently with the sub-committee of your Chamber, I enclose a copy of the terms of the British export credit scheme. You will see from clause 9 of the scheme that it is not applicable to the export of raw materials to Europe and has primarily been devised for the assistance of the British Manufacturer. It is not, you will observe, contradictory or in opposition to an international scheme formed on the Ter Meulen lines. With regard to the latter you will have discussed with Mr. Carson, I have no doubt, the later information which I forwarded to him early this week regarding the negotiations in progress. I can obtain no up-to-date information regarding the progress of the American Finance Corporation beyond what is contained in occasional articles in American commercial papers. From these I gather that progress in obtaining the money required to start the scheme has hitherto been slow.

Yours sincerely,

A. C. Mc. WATERS,

OVERSEAS TRADE (CREDITS AND INSURANCE ACT, 1920.)

EXPORT CREDITS :

REVISED CONDITIONS.

Conditions.

1. The Government are prepared, through the Export Credits Department of the Department of Overseas Trade, 73, Basinghall Street,

London, E. C. 2, to consider applications from individual firms or companies domiciled or incorporated in the United Kingdom for advances of sums not exceeding the cost* of the goods to the exporter, in respect of exports to

Finland	Poland	Rumania
Latvia	Czecho-Slovakia	Georgia
Esthonia	Serb-Croat-Slovene-	Armenia
Lithuania	State	Bulgaria

Any variations which may be made from time to time in the countries to which the scheme relates will be announced.

2. No advance will be made to an alien, or to a firm in which the majority of the partners are aliens, or to company where British subjects do not form a majority of the Directors, or where a majority of the voting power is not in the hands of British subjects.

3. The advance will be a first charge upon the bill of exchange and security and will be without recourse to the exporter except to the extent, if any, to which the advance exceeds 80 per cent. of the cost of the goods and except in the case of misrepresentation.

4. Applications for advances must be made by the exporter on forms which may be obtained from the Export Credits Department. For the convenience of exporters the Department is prepared to receive, and give a decision upon, applications before the contract is signed, a limit of time being stated within which the shipping and any other relevant documents will be produced and the advance taken.

5. The Department will make the advance to the exporter upon receipt of the bills of exchange, shipping documents, etc. It will not wait for the bills of exchange to be accepted, but will require that the same be accompanied by a letter of guarantee of the importer's bank to the effect that they will be accepted and the stipulated security deposited immediately upon the first presentation of the documents to the importer. In

* The "cost" includes the exporter's disbursements for freight, insurance, and commission paid to the Export Credits Department of the Department of Overseas Trade.

cases where required by the Department, such guarantee should also undertake that the value of the security will be maintained.

6. The bills of lading will be surrendered to the importer against his acceptance of the bill of exchange drawn in sterling by the exporter for the full amount of the invoice at a tenor conforming to the length of credit agreed with the Department and against the deposit by the acceptor of security. The relative insurance policies will be retained as additional security.

7. The Department will consider such propositions for security as may be laid before them by the exporter. The value of the security must be sufficient to cover the amount of the draft plus a reasonable margin, and such value must be maintained as and when required by the Department. Deposit of currency, of produce, of Government securities, of bankers' guarantees of due payment at maturity in sterling, etc., will be considered. In certain cases the deposit of fixed amounts of currency might be accepted.

The security must be deposited with the Department's agents in the importing country, and will be returned to the acceptor of the bill when that is paid in sterling. In the case of produce it will usually be sufficient if the documents of title are deposited with the Department's agents.

8. The credits will be granted for such periods as the Department may determine in each case at the time of application for the advance, but in no case for more than three years.

9. Advances will not be made for the export of raw materials or of surplus Government stores, and preference will be given to the finance of goods, where the larger part of the cost is due to manufacture or production in this country. Goods are only eligible which are manufactured or produced either wholly or partly in this country.

10. All applications must be passed to the Department by the bankers of the exporter, whose recommendation must be attached.

11. Interest will be calculated at the rate of 1 per cent. above the Bank of England rate ruling at the time the advance is made, with a

minimum of 6 per cent. per annum, and should be added to the amount of the invoice and of the bill of exchange.

Commission to defray the expenses of the Department, and to form a fund to meet any losses, will be payable by the exporter at the time the advance is taken. He may, however, add this commission to the amount of his cost, freight and insurance, when calculating the amount of the advance.

The rates will not be less than 3 per cent. for the 1st year

4	"	"	2nd	"
5	"	"	3rd	"

but in the event of the bill of exchange being paid before maturity, proportionate rebate will be allowed. In no case, however, will the charge be reduced below 2 per cent.

12. As the proceeds of the bills are received by the Department the same will be applied in reduction of the advance,—the remainder, less any receipt on account of interest or expenses due to the Department, being held on behalf of the exporter. As soon as the claims of the Department have been discharged, the bill of exchange will be transferred to the exporter, if the acceptor has not paid the same in full.

13. The Department may at any time after the maturity of the bill of exchange or after any default elect not to proceed further with the transaction. In such a case the Department may transfer the bill of exchange and relative security to the exporter, any proceeds which may have been received being allocated on the lines indicated above, and the exporter remaining under any liability to the Department to which he may be subject as indicated in clause 3 above.

14. In approved cases where the exporter is prepared to remain liable to repay the whole advance, the Department would be willing to modify the requirements as to security and to make a reduction in the commission to the extent of half the rates mentioned in paragraph 11.

15. The conditions set out above may be modified at any time or in any special cases.

No. T-919.

27th May 1921.

To

C. W. C. Carson, Esqr., O.B.E.,
Deputy Controller of Currency,
BOMBAY.

Sir,

My Committee have carefully considered the proposals for a Financing Corporation to assist trade with the impoverished countries of Europe. My Committee also have weighed such information as is now available from you and other sources in the working of the American scheme and the British scheme for the same object, and have come to the following conclusions :—

1. That it is inherently objectionable to give the guarantee of the Government of India to any corporation or directly to any merchants, or for the Government of India to participate in it and assume any responsibility in the matter of capital interest, recurring cost or ultimate liquidation of any such corporation.

2. That it would not be possible in India to work on the lines suggested in England, and that a scheme suitable to this country will have to be evolved.

3. That for this purpose it would be desirable to bring into existence purely as a business proposition a corporation which would establish direct exports from India to Germany and Austria and which would also enable direct imports from those two countries to India of manufactured goods, machinery, etc. The difficulties in the way of such a corporation would be jealousy of the British Merchants, bankers and shippers, who would not like direct relations established between Germany and this country. (*Vide* protest of Manchester Association of importers and exporters against the extension of British Credit Scheme to India and the Far East).

The exchange Banks may not feel quite happy if the Financing Corporation accepts bills and undertakes the task of collecting at the other end on the strength of guarantee of German Banks, securities deposited

by German Banks, mortgages effected by German importing houses, manufacturers, etc.

There may be numerous other difficulties including the political difficulty arising in the case of non-payment by the Nationals of Germany and Austria on political grounds. My Committee think it desirable that this question should be carefully discussed by shippers and bankers of India.

I have to hand a letter from Mr. Mc. Watters dated the 13th instant enclosing copy of the British Export Credit Scheme. In this connection I am to point out that what my Committee wanted was a copy of the scheme for the United Kingdom of Sir Donald Fraser, the official organiser under the Ter-Muelen scheme. We can see from British papers that Sir D. Fraser was proposing to form some kind of Credit Association all over the United Kingdom, that this association was to issue some kind of bonds of its own and so on but we have no accurate information as to :—

1. The precise constitution and function of that Association.
2. How its capital is going to be found.
3. The kind of bonds it will issue.
4. The guarantee behind such bonds and
5. The use to be made of such bonds, etc., etc.

If Government will be good enough to telegraph to the Imperial Government and get a complete outline of the Ter-Muelen Scheme as modified and adopted by Sir D. Fraser for the United Kingdom and on which he is now actually working for exports to Austria, it will very much help a consideration of some scheme suitable for India. It is not necessary that this information should be cabled from London. If Government here wires for it and it comes by mail it will suffice.

I beg, etc.

J. K. MEHTA,

Secretary.

APPENDIX LIII

A Bill to amend the law relating to Emigration.

R. S. R. No. 2392 of 1921.

To

The Secretary,
 Indian Merchants' Chamber & Bureau,
 BOMBAY.

New Custom House,
 Bombay, 23rd May 1921.

Sir,

I have the honour to invite a reference to pages 105-109 of, the *Gazette of India*, Pt. V, dated the 26th March 1921 which contain the draft Bill for the amendment of the law pertaining to Emigration and also the statement of objects and reasons. I have been instructed to report on this Bill on the 28th instant after having consulted such bodies as I considered to be interested.

2. I would enquire whether you desire to make any observation through me (and if so would request you to be so good as to communicate them to me on or before the 27th) or whether you would prefer to communicate them direct to Government.

3. I regret the very limited period of time at our disposal.

I have, etc.

C. R. WATKINS,
 Ag. Collector of Customs.

No. T. 969 A.

15th June 1921.

To

C. R. Watkins, Esq., C.I.E.,
 Ag. Collector of Customs,
 BOMBAY.

Sir,

With reference to your letter R/S/R/ No. 2392 of 1921 dated the 23rd May 1921, I am directed by the Committee to say that they approve of the bill to amend the law relating to emigration.

I beg, etc.,
 J. K. MEHTA,
 Secretary.

APPENDIX LIV.

Government of India 7% Sterling Loan.

No. T. 811 A.

23rd April 1921.

Telegram.

To

The Secretary to the Government of India,
Finance Department,
SIMLA.

Sir,

" Committee Indian Merchants' Chamber protest against arbitrary issue in England of 7 per cent Sterling loan with option of conversion ruinous to Indian interests. Committee anticipate ultimate disastrous effect on value of rupee securities in India ; also think prospects of issuing new rupee loan at reasonable rates seriously prejudiced by action Secretary of State. Committee suggest no loans in England should be issued at higher rate than in India and Indian rupee investors should always have preference to invest on identical terms. Mehta-Secretary ".

No. 1303—F.

Government of India.

FINANCE DEPARTMENT.

Simla, the 25th April 1921.

To

The Secretary,
Indian Merchants' Chamber and Bureau,
Bombay.

Sir,

I am directed to reply to your telegram of the 23rd April conveying a protest from your Committee against what they describe as the " arbitrary issue in England of a 7 per cent. sterling loan with the option of conversion ruinous to Indian interests ".

2. Your Committee anticipate that the issue of this Loan in London will have a disastrous effect on the value of rupee securities in India, and they also think that the prospects of issuing a new rupee loan at reasonable rates will be seriously prejudiced by the Secretary of State's action. I am to say that the Government of India trust that this prognostication will prove incorrect. They themselves see no reason for it, and will be glad to know why it is that your Committee think that rupee securities in India, which at present are approximately on a 6 per cent. income-tax free basis, should be prejudiced by the issue of a sterling loan at 7 per cent. subject to income-tax, and producing therefore a net yield of something below 5 per cent. But in any case the Government of India would find great difficulty in subscribing to the view that an Indian sterling loan ought not to be issued on better terms than an Indian rupee loan. The fact that most of India's capital expenditure is incurred abroad makes it desirable to raise a sterling loan, so long as the terms are not unreasonable, and the present state of exchange is an additional reason for doing so. The value of money in London and the general condition of the money market is not necessarily identical with those in India, nor is the credit of India in London necessarily the same as the credit of the State within the country itself; if the Home Government itself endeavoured to raise a loan in India, it might have to pay a substantially higher rate of interest than in the United Kingdom. The Government of India commend this general consideration to your Committee's attention, although, as has been said above, they do not consider, in point of fact, that the yield offered by the sterling loan can be said to be better than the yield on rupee securities in India.

3. Your Committee further contend that Indian rupee investors should always have preference to invest on identical terms. For the reasons given above, the Government of India do not consider that the position is as envisaged by your Committee. It is possible, however, that your Committee consider that rupee investors have a grievance inasmuch as they have had no opportunity of subscribing to the sterling loan. I am to observe that at the present rate of exchange it is highly improbable that

Indian investors would have chosen this moment to remit money to England for investment in any sterling loan, even if the net yield had been substantially higher than that of the loan just floated. It is true that owing to the early closing of the lists residents in this country have had no opportunity of investing in the loan any sterling resources which they may possess. The Government of India have no doubt, however, that the Secretary of State had strong reasons for floating the loan at the particular moment chosen by him. It must be remembered that in view of the urgent need for raising as much capital as possible for productive expenditure in India it was imperative that the Secretary of State's chief concern should be to raise as large a sum as possible, and they think that the interests of any particular class of investors must be subordinated to that primary object. The fact that the Secretary of State has been able to raise a larger sum than the sterling loan of £5 millions budgeted for is, indeed, the Government of India think, a matter upon which the country as a whole should congratulate itself.

I have etc ,

E. M. COOK,

Secretary to the Government of India.

T-852.

3rd May 1921.

To

The Secretary to the Government of India,

Finance Department,

SIMLA.

Sir,

I am directed by my Committee to acknowledge the receipt of your letter, dated 25th April 1921, No. 1303-F. My Committee are disappointed that their earnest protest on an issue of this kind has not convinced the Government of India. The main charge of my Committee was that the rate of interest offered was very high and that the terms of conversion were "ruinous to Indian interests". No mention has been made in

your letter under reply, about the terms of conversion and my Committee would reiterate their emphatic condemnation of the extravagance of the terms offered to investors in the United Kingdom to the prejudice of the Indian tax-payers and the Indian investors.

Referring to paragraph 2 of your letter, you enquire why the prospects of the rupee loan in India as well as their value should be affected by the Secretary of State's action. The reason is obvious. If the Government of India decided to borrow on a basis, which means a nett charge on the revenue of 7 per cent. without any credits under the Indian income-tax or super-tax, it would be legitimate to infer that the needs of the Government must be so urgent that they could afford to give away not only 6 per cent. income-tax free but 7 per cent. (Indian) income-tax and super-tax free. If the Government finances are in such a bad condition (this my Committee hope is not the case), that they must borrow at 7 per cent. regardless of any return under the income-tax and super-tax then the Indian investors would be justified in expecting similar rates and once these rates are given, the effect on the value of the existing Government securities would be disastrous. In the opinion of my Committee borrowing on 6 per cent. tax free basis in India which would have been possible is now certainly jeopardised owing to the unwise and precipitate action of the Secretary of State.

I am directed to point out the contradiction contained in your letter under reply. You attempt first of all, to make out that the terms granted in England to investors are not better than the terms granted in India and you then go off to defend the granting of better terms in England on the ground that capital expenditure of India is incurred abroad and that the present rate of exchange aided the Secretary of State's desire to borrow as much as possible. It is a novel doctrine that you go on further to enunciate that India must borrow in England not because it is cheaper to do so but because it is more convenient. London's position as the world's central money market justified earlier borrowings because they were usually at rates more favourable than those that were possible in India, altogether apart from the capacity of the Indian market on which

the Government's views have proved to have been quite mistaken. My Committee think that the premier position of London in this respect is gone for a long time to come and that no one is deceived by the repetition of old shibboleths in this direction.

My Committee are of opinion that the terms granted have been excessive and this is proved by the rush for the loan and over-subscription inside of a few hours and by the subsequent premium which has been established in the London market. The talk of the English income-tax and of the net yield being something below 5 per cent. etc., is quite misleading. The English income-tax not only affects Indian but all other borrowing and the English investor is notwithstanding satisfied to-day with a gross yield of about 6 per cent. as is clearly seen from the results of the recent loans by the four corporations, Birmingham and Liverpool and the City of Auckland loans. My Committee deprecate any attempts now to shield this financial error of the Secretary of State and his advisers through which Indian tax-payers' interests have been sacrificed for the benefit of particular interests in the London money market. Various institutions in London have enjoyed on extremely easy terms the use of India's surplus cash balances and the various reserves belonging to this country. As an ordinary banking proposition, this should have resulted in an Indian loan being placed on easy terms in London under the support of these institutions. The suspicion, which my Committee have entertained for a long time that instead of getting any advantage, on account of this, the Indian tax-payer has, on the contrary, bled on account of these facilities which are given in his name is strengthened. My Committee would further request information as to why if high terms were given they made a fixed price issue instead of inviting tenders and securing the premium, which now prevails, to the Indian tax-payer; whether this loan has been underwritten as a whole; if so, what commission has been given to under-writers, and who the under-writers were. My Committee would further like to know whether the action of the Secretary of State was in consonance with the new powers given to the Legislative Assembly under the Government of India Act, when, although a figure of only £5 millions was suggested in the Budget, as much as £7½ millions have been issued without any

attempt at further reference to the Assembly. My Committee further sympathise with the Finance Department in India without whose knowledge and without consultation with whom this high-handed action seems to have been taken by the Secretary of State. Coming at the end of a long series of arbitrary acts affecting Currency, Exchange and Finances of India, manipulated in the interests of London and very often against the declared views of the Indian commercial community, this step establishes a clear necessity of a more stringent supervision, in Indian interests, by Indians, of the Secretary of State's Council, in London. My Committee realise acutely the impotence of the new reformed Councils, in financial matters of this kind, whose praises have been sung in magniloquent terms and by high personages.

My Committee notice your loyalty to the Secretary of State in assuring them that the Secretary of State must have had very strong reasons for floating this loan in the manner in which he did. My Committee would have liked to learn those reasons in order better to do justice in their criticism, but in their absence it seems to them that far from favouring Indian investors, the Secretary of State has, as a matter of fact, deliberately debarred them from investing in the highest priced loan of their country. My Committee are emphatically of opinion that your assumption that Indian investors would, notwithstanding the present exchange, not have taken part in this loan had it been made available to them by inviting concurrent applications in India, is misleading and gratuitous.

While agreeing with your dictum that borrowing abroad is justified on reasonable terms, my Committee feel that the occasion, manner, rate, etc., in this case have been entirely opposed to Indian interests. Even if the borrowing is to be restricted to productive Railway purposes, the terms offered are uneconomical and excessive and but for their blunder Government could have done better.

Your reference to England borrowing from India at a higher rate than what she pays at home would be ludicrous if it were not tragic. We had the spectacle during the War of millions of pounds of Treasury Bills

practically forced on the Government of India at a very low rate and when the time for repayment came we had the spectacle of deliberate manipulation of the exchange to lighten the burden falling on the United Kingdom. The confidence of the public in the management of the finances of India is shaken and in order to restore public faith in the *bonafides* of the Secretary of State and his financial advisers radical changes should be immediately effected. There should be greater publicity and greater control and supervision by responsible Indians in whom the public trust. In the meanwhile, this measure is a free-gift of £2-2-0d. per cent. to the British Exchequer.

I beg., etc.,
J. K. MEHTA,
Secretary.

No. 1528—F.
Government of India.
FINANCE DEPARTMENT.

Simla, the 17th May 1921.

To

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

I am directed to reply to your letter of the 3rd May conveying a further representation from your Committee regarding the recent sterling loan of £7½ millions. Your letter deals at length with the Government of India's reply, contained in my letter of April 25th, to your Committee's previous representation; it traverses the justice or relevance of the considerations therein brought to your Committee's notice; and it adduces fresh reasons in support of your Committee's contention that the terms of the sterling loan were unduly burdensome to the Indian tax-payer and that the circumstances in which the issue was made were unfair to Indian investors.

2. The Government of India do not propose to enter into the minor matters of controversy contained in your letter, such as your speculations

as to the future position of London as a cheap money market, or your views as to the impotence of the legislature as now constituted. These are matters of opinion, and do not in any case affect the matter immediately at issue. They will, therefore, confine themselves to dealing generally with the two complaints which your Committee have repeated regarding the loan, namely,

- (1) that, as proved by the fact that the loan was very largely oversubscribed, the terms were unduly favourable to those investors who were fortunate enough to have an opportunity of subscribing, and correspondingly unfavourable to India ; and
- (2) that the loan was issued in such a way that Indian investors had no opportunity to subscribe.

3. As regards the first point, you claim that, judging from the results of the loan, and from the fact that immediately after issue its price went to a premium, the sum asked for could have been obtained on terms more favourable to India. The Government of India assume that your Committee do not intend to commit themselves to the general statement that, when a capital issue is oversubscribed, even heavily, the fact necessarily connotes either lack of judgment on the part of the authorities making the issue or any deliberate disregard on their part of the interests of those on whose behalf they are acting ; in commercial circles such a result is not infrequently regarded rather as a matter for congratulation than otherwise. In my letter of April the 25th it was stated that the Government of India had no doubt that the Secretary of State had strong reasons for the course adopted ; they are now in a position to comply with your Committee's request for enlightenment as to what those reasons were and to summarise the main considerations which the Secretary of State and his advisers had in mind when they arrived at a decision upon the terms of the loan and the exact date of its flotation. They invite attention to the problem which those authorities had to face.

4. The last direct issue of a sterling loan by the Secretary of State took place in 1912, since when the monetary and political conditions in the United Kingdom have entirely changed. While, therefore, the terms

of the recent loan were of course settled by the Secretary of State in consultation with those best qualified to advise, no clear guidance was available as to the reception that might await an issue by India. In view of the lapse of time since the last issue of India stock, and the certainty that India would have for some time to be a borrower in London for railway purposes, it seemed to the Secretary of State of the highest importance that this first appeal to the London market after the war should not fall flat. The fluctuating industrial conditions which prevailed at the time of the issue made it, moreover, especially difficult to gauge the market attitude on this occasion. It is true, as pointed out by your Committee, that various Corporations had been able to raise money in recent months on a 6 per cent. basis at $95\frac{1}{2}$ (a yield of about $6\frac{1}{4}$ plus improvement on maturity), but individually these were of relatively small amounts, and latterly under-writers had been left with a good share of the issues. As matters turned out, it is clear that the Secretary of State was fortunate in that his own issue was actually effected at a specially favourable moment.

5. It has been pointed out above that, so far as actual experience went, there was no real guidance as to the state of India's credit in the London money market. There were however other considerations which ordinary prudence required should be taken into account, and which pointed to the need for caution. The most important of these was the view which British investors might take of possible developments in India as a result of certain political movements in this country. Those persons who are in close and accurate touch therewith, may be able to estimate at its true worth the effect of such movements upon the financial stability of India. But the British investing public at large is hardly in a position to form an equally accurate judgment. Misconceptions on such matters easily arise, and are difficult to remove; nor is the task of removing them rendered easier by the existence of an alarmist section in England which, though taking an interest in Indian affairs, has an incorrect appreciation of the trend of present events in India. If a considerable body of Indian public men, otherwise well informed, could actually persuade themselves that (as asserted in the last paragraph of your letter) the recent currency policy was introduced by the Secretary of State and his advisers, and accepted by the

Government of India, purely to aid the British Exchequer or British financial interests, it would not be astonishing if the British investor, on his side, were affected by reports of the declared intention of certain extremist politicians in India to paralyse the administration of the country. Nor was it possible that the resolution passed by various associations in India, regarding the rate of exchange below which contracts in respect of imports should not be settled, should fail to give raise to impressions in English investing circles that there was, in some quarters, a tendency to treat legal liabilities as open to general repudiation when circumstances rendered it convenient to do so. Your Committee are aware, from the various public pronouncements that have been made on this matter, that the Government of India do not wish to take a part with either side in the disputes which have taken place during recent months regarding import contracts; they regard the matter as one for settlement between the individuals concerned, and consider that the matter should be settled in consonance with ordinary commercial practice. But it was clearly necessary to take into account the impressions rightly or wrongly created by the public discussions on these events, particularly in a great financial centre such as London, the whole structure of which is based upon credit and upon the sanctity of commercial contracts.

6. It is an easy task to demonstrate, after the event, that the effect of those factors was over-estimated. But the Government of India think that they may justly point to the very great responsibility which the Secretary of State and his advisers would have incurred if they had so misjudged the situation as to issue the loan on such terms as to invite failure. It would be difficult to exaggerate the damage to India's credit in such an event; and in the existing conditions of the London money market, the margin in terms that spell success or failure has been extremely narrow. As things have turned out, the real measure of India's credit now is to be found in the fact that the recent loan was heavily over-subscribed, and this should facilitate her ability henceforth to obtain in the London money market the money she requires on more favourable terms.

7. It may be objected that, admitting the force of the considerations mentioned above, the very uncertainty regarding the fate which might

await an issue by India in London should have led to the conclusion that it would be wiser not to resort to sterling borrowing at all, until it was certain that this could be effected at a rate no more burdensome to the Indian tax-payer than that at which rupee loans can be raised. The very great expansion which has taken place since 1914 in the ability of India to raise State loans within the country renders it much less necessary, it may be urged, for her to be dependent upon the London money market for her borrowings. The Government of India are unable to accept such a view. They admit that times have changed considerably since the days when the annual rupee loan was limited to 2 or 3 crores, and when the major part of India's borrowings took place in London. But while, owing to the great commercial prosperity which as compared with most other nations India has enjoyed during the war, and to the improved organisation of her money markets, her money power has greatly increased, so also have her necessities. Your Committee do not need to be reminded of the urgent necessity for reducing the floating debt to more manageable proportions and also the fiduciary portion of the currency issue, in order that India's financial position may be so strengthened as to allow her to reap the fullest possible benefit when international trade recovers from its present stagnation. In order, however, that she may reap the full advantage which her position as an exporter of raw produce promises, it is essential that her internal development should not be so restricted as to react upon her trade. The funding of the floating debt and the deflation of the currency are essential preliminaries to the establishment of her finances in a thoroughly sound condition. But it is not possible for capital expenditure on the country's development, more particularly as regards the means of transport, to wait until those objects have been attained. Your Committee and the business public as a whole are fully cognisant of the very pressing need for large capital expenditure upon Indian Railways. The deterioration which has occurred in their efficiency during the war has to be made up; and in the opinion of those best qualified to judge, the sums needed to enable the Railways to meet with bare efficiency the expanding needs of India's internal and external trade, are far in excess of what the Government of India are likely to be able to

provide from their capital resources for some years, at any rate until progress has been made in funding the legacy of war indebtedness.

8. It follows, therefore, that for the present it would be difficult to place any limit upon the amount of new resources which can profitably be employed. On the basis of the current year's capital programme, the inadequacy of which to meet railway requirements the Government of India themselves admit, the new capital resources required were estimated in the current year's budget at 20 crores, of which it was hoped to raise 15 crores in India and £5 million (taking the rupee at 2 shillings) in London. But, as the Finance Member pointed out in his Budget speech, that was by no means the limit of India's needs, and even if the proceeds of this year's rupee loan should considerably exceed the amount entered in the estimates, there will be none too much for the country's requirements. As regards the sterling portion of this year's borrowings, I am to point out that the capital expenditure in England for Railway purpose is estimated at over £14 millions. Seeing, therefore, that a very large proportion of this year's capital liabilities fall due abroad, it is, the Government of India consider, sound financial policy, having regard to the present level of exchange, that as much as possible should be borrowed in sterling.

9. Your Committee are under a misapprehension in doubting whether a sterling borrowing in excess of the £5 millions entered in the estimates was in consonance with the powers given to the Legislative Assembly under the Government of India Act. Under that Act, expenditure from loan funds, like other expenditure, is (unless specially excepted) subject to the vote of the Assembly. But the actual raising of the capital resources required to meet the ways and means liabilities of the year must necessarily be a matter for the discretion of the executive Government, although the latter would of course be ready to justify any particular action to the Assembly should it be called in question.

10. As to the second point referred to in para. 2 of this letter, the absence of opportunity for Indian investors to invest in the loan was primarily due to its success, which led to immediate over-subscription and to the closing of the lists. Had the loan remained open for the maximum

period contemplated in the prospectus, *viz.*, till April 26th, time would have been allowed for telegraphic orders to agents in London. The conditions of the London market, which is now subject to appeals from a long succession of borrowers, do not admit either of previous notice of the terms, which are finally settled only on the eve of the prospectus in the light of the actual money market situation, or of holding the lists open for any lengthy period. The Secretary of State will, however, consider, on the occasion of the next loan, whether in the event of the early closing of the lists special consideration can be given to persons in India, as he recognises the desirability of giving residents in India a similar opportunity, so far as practicable, of subscribing to that open to persons in the United Kingdom.

11. In reply to your Committee's query regarding the underwriting of the loan I am to say that earlier and continuous enquiries had indicated that a loan of such size as the Secretary of State considered essential, namely, £7½ millions, could not be placed without special arrangements. The Secretary of State therefore obtained the coöperation of the Bank of England, who undertook that the total issue should be subscribed and were left to make their own arrangements regarding underwriting. The total underwriting and similar charges, apart from the cost of advertising and normal incidental expenses, but including the ¼ per cent. commission which it is usual to allow on all applications bearing bankers' and brokers' stamps, are about 2 per cent. The Secretary of State is not cognisant of the names of the underwriters with whom the loan was actually placed by the Bank of England, nor of the arrangements made for the distribution of the underwriting charges amongst those concerned.

I have, etc.,

E. M. COOK,

Secretary to the Government of Ind'a.

ANNUAL REPORT OF THE
THE INDIAN MERCHANTS' CHAMBER AND BUREAU:

19, Bank Street, Fort,
Bombay, the 8th June 1921.

T-953.

To :

The Secretary to the Government of India,
Finance Department,
S I M L A.

Sir,

I am directed to acknowledge your letter, dated 17th May. I regret to inform you that my Committee are still of opinion that excessive terms were given and the interests of the Indian Tax-payer were not adequately safeguarded in the manner in which the Secretary of State raised this loan. I am directed to point out that the two per cent. underwriting plus normal contingent expenses should not have been given when the terms of the loan were so liberal. The dealings of the Secretary of State with the Bank of England in the matter of Indian Finance have been for a long time looked upon by my Committee with grave anxiety and mistrust. My Committee would welcome definite information ranging over the last five years as to the amount of remuneration which the Bank of England has received from the Secretary of State for India for the administration of the sterling debt of India under the heading of the supplying of Paper Currency Notes for India and any other heading. They would further like some information as to the amount of cash belonging to India remaining with the Bank of England free of interest at the end of each month during the same period.

I am to point out that in neither of your two letters you have made any mention or defence of the most indefensible part of the transaction, viz, the conversion rights given which give the investors in the United Kingdom five years gambling option into what is practically a permanent six per cent. loan. I am further to point out that your diagnosis of the British Investors' mentality affected by political and currency agitation is altogether misleading, if not a deliberate attempt to obscure the issue.

British holders of Indian sterling debt had not gone into panic during the last twelve months during which India's $3\frac{1}{2}$ per cent. stock was steadily rising in the London market. And what is more, the yield from this was in the neighbourhood of $6\frac{1}{4}$ per cent. gross. In the well informed financial circles of London, the fact on which so much stress was laid at the Brussels financial Conference, viz., that India was one of the very few countries that ran through the war and afterwards with expenditure balanced against the revenues could not have been unknown. My Committee suggest that the needlessly provocative political explanation contained in your letter under reply is an after-thought on the part of the Secretary of State and his financial advisers for propping up a weak transaction by dragging into the discussion the mentality and the outlook of British investors towards India.

Apart from the subject-matter of the loan my Committee raised an important question of procedure. They have been confirmed in their view that the Secretary of State did not consult with the Finance Department of the Government of India before issuing the loan on the extravagant terms. Even if we agree to your suggestion that the Executive must have some discretion the Executive to whom my Committee would give some discretion is the Executive in India and not in England. The discretion of the Secretary of State has been uniformly used against the best interests of this country. Cases have been known from time to time when the financial advisers of the Secretary of State have been the parties directly benefited by the action taken in the name of India and non-disclosure of the detailed names of the sub-underwriters of this loan cannot mitigate this belief. My Committee regret to notice the inconsistency in your long letter in which you say that importance of the legislatures, as now constituted, in financial matters did not affect this question, and then go on to say that if the matter is raised in the Legislative Assembly the Government would explain their position. My Committee point out that if notwithstanding the explanation of the Government the Legislative Assembly came to the conclusion that the action taken was unwise and extravagant, they are not in a position to remove or punish any of the

officials responsible for this squandering of Indian money. My Committee feel that the root of all the evils with the Finance Department and with the Finance Committee of the Secretary of State's Council is their irresponsibility and they are convinced that until the Legislative Assembly has complete over-riding power and until the finances of this country are administered by a Minister responsible to the Assembly and until the Finance Committee of the India Council is abolished or appointed from India by such a minister responsible to the Legislative Assembly the situation must remain intolerable. They have not been surprised to see this stupendous burden imposed on the Indian Tax-payer in an autocratic manner, since this is only one of a long series of similar actions and the opinion of the Indian public has always been ignored.

My Committee must further resent several assumptions with regard to Indian Finance in your letter under reply. They do not agree that there is no limit to the resources which can be spent for capital expenditure on railways in India. Railways like any other enterprise, must be run on business lines, but so far as they can see they are run in a very arbitrary manner. The railway revenue of India is so much taxation on the people, escaping rigid scrutiny to which it should be liable. The average earning from the railways has not been high and borrowing at high rates regardless of return from the railways could not be countenanced by the public. My Committee regret to notice that in the prospectus of the 7 per cent. Sterling loan it was officially announced that the entire proceeds will be utilised for the purchase of railway material in the United Kingdom. They would like to know how long the tragedy of purchasing railway material for India only in the United Kingdom is to go on. Even English corporations and the Governments of Self-Governing Dominions have placed orders in foreign markets on advantageous terms, whereas India alone is fleeced in the interests of English manufacturers. My Committee do not see the advantages to this country of borrowing at heavy rates in the United Kingdom putting the burden of interest and capital charge on India and feeding English manufacturers with orders out of such money. However much they appreciate the necessity of

increasing capital expenditure on railways in order to bring them up to efficiency, they think efficiency is purchased too dear so long as the railways are a means of exploiting this country in the interests of British Manufacturers and by the hand of non-responsible British Officials in India in the matter of capital charge, capital expended, extravagant appointments, control utilization and rampant partiality.

My Committee suggest that the materials for India must be purchased in India by competitive tenders open to every nation of the world and the lowest price tenders alone should be accepted. According to my Committee's belief a saving of at least 30 to 40 per cent. would be effected by adopting this procedure. The High Commissioner for India should advertise for everything he purchases in British as well as foreign papers and he should have no discretion except to accept lowest tenders. A list of the parties from whom the High Commissioner accepts tenders or makes purchases should be published every month in the Gazette of India and a copy sent to every Chamber of Commerce for opinion and suggestion. So long as this is not done such thing as justice to India in financial matters cannot be said to exist.

My Committee further regret that you should have gone out of your way to deal with the extraneous topics such as the alleged repudiation of contracts by Indian merchants. Indian merchants have never repudiated contracts and it is perfectly gratuitous to assume that their refusal to pay except at the rate, which the Government have declared to be the legal rate amounted to repudiation of contracts. It comes with very bad grace from the mouth of the Finance Department of the Government of India to speak of the sanctity of contracts. The biggest breach in this direction has been at their hands in the deliberate alterations of the money standard of India and the declaration of the Sovereign to be equal to Rs. 10/—instead of Rs. 15/—which it was for 20 years. The whole evil started from their action and the Members of this Chamber feel very keenly any attempt on the part of any officials from the Finance Department to call in question their commercial morality and they must strongly resent the manner in which you proceed to enunciate the cruel indifference

of the Government of India to the situation which has been brought about through their own misguided financial policy. The charge, which reading between the lines, they find you laying against the Indian merchants should not be made by you at all events; because the Indian Government and the Hon'ble Mr. Hailey managed the situation in such a way that Indian merchants were unable to get the Reverse Council bills when they were sold and were thus unable to cover their exchange notwithstanding large applications made by them at that time. The sales were so hedged in with absurd conditions that it was the English Banks and mostly rich European and Indian merchants who chiefly got the benefit and it is monstrous that now the tide has turned the whole blame, moral and pecuniary, should fall upon Indian merchants. They must further enter a strong protest against the Secretary of State and his advisers in England who have not taken any step whatsoever to dispel the erroneous impressions created about the political situation in India, and about the so-called repudiation of contracts. My Committee feel that if even a fraction of the £ 150,000 which has been pocketed by the Bank of England and its friends by way of underwriting commission had been devoted to combating the vicious propaganda of the Indo-British League led by men who have prospered out of India, it would have led to better results.

I beg, etc.,

J. K. MEHTA,

Secretary.

No. 1897-F,

Government of India.

FINANCE DEPARTMENT.

Simla, the 24th June 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

B O M B A Y.

Sir,

I am directed to acknowledge the receipt of your letter No. T. 953., dated the 7th June, containing your further observations in regard to the last Sterling Loan.

As requested in para. 1 thereof I enclose statements showing

(i) the amounts paid to the Bank of England and Bank of Ireland for the management of the Indian debt during the years 1916-17 to 1920-21;

(ii) the total balances of the Government of India (including the uninvested portion of the Gold Standard Reserve) held in England at the end of each month during the five years ending 1920-21 and the portion thereof left with the Bank of England.

Information regarding the amounts paid to the Bank of England for their services in connection with the supply of currency note forms for India is not available here, but has been asked for from the India Office.

I have, etc.,

A. C. MUKHERJI,

Asstt. Secretary to the Government of India.

Statement showing the balance of the Home Treasury (including the Gold Standard Reserve) at the end of each month during 1920-21.

	Cash at the Bank of England.	Balance in the hands of the Sub-Ac- countants.	Treasury Bills.	Money at short notice.	Total.	Less—Sum due to the Inland Revenue Department in respect of Income-tax, etc.	Net Balance.	Balance on ac- count of Gold Standard Reserve included in the figures in the preceding column.
1	2	3	4	5	6	7	8	9
April ...	£ 3,787,236	£ 148,726	£ 366,531	£ 500,000	£ 4,302,493	£ 270,108	£ 4,032,385	£ 3,469
May ...	3,483,107	143,292	12,787	500,000	4,139,186	324,914	3,814,272	240
June ...	1,112,697	186,078	789,465	3,500,000	5,588,240	10,394	5,577,846	1,168
July ...	1,585,746	190,064	2,001,167		3,776,977	335,702	3,441,275	3,928
August ...	1,744,868	188,675	2,365,716	1,100,000	5,399,259	418,034	4,981,225	342
September ...	3,487,074	183,909	1,392,988		5,063,971	4,862	5,019,109	4,832
October ...	1,145,044	140,939	2,126,500	900,000	4,312,483	255,309	4,057,174	2,247
November ...	1,126,534	147,907	1,058,313	1,850,000	4,182,754	321,807	3,860,947	217
December ...	1,024,268	103,182	4,493,736	500,000	6,121,186	10,044	6,111,142	1,564
January ...	1,027,422	106,713	2,818,657		3,952,792	303,268	3,649,524	4,734
February ...	1,110,260	107,039	1,047,927		2,265,226	399,583	1,865,643	1,985
March ...	1,163,502	62,320	4,930,134	1,000,000	7,155,956	2,485	7,153,471	4,883

Statement showing the balance of the Home Treasury (including the Gold Standard Reserve) at the end of each month during 1919-20.

	1	2	3	4	5	6	7	8	9
	Cash at the Bank of England.	Balance in the hands of the Sub-Accountants.	Treasury Bills.	Short Loans.	Total.	Less - Sum due to the Inland Revenue Department in respect of Income-tax, etc.	Net Balance.	Balance on account of the Gold Standard Reserve included in the figures in the preceding column 8.	
April ...	£ 1,553,400	£ 132,957	£ 13,768,851	£ 12,750,000	£ 14,036,357	£ 210,055	£ 13,826,302	£ 6,053,761	
May ...	1,783,797	149,573	12,761,116	13,850,000	15,783,370	253,817	15,529,553	6,000,080	
June ...	2,315,521	157,722	10,678,886	19,650,000	22,123,243	13,658	22,109,585	6,014,842	
July ...	1,295,535	134,405		16,200,000	17,629,940	296,577	17,333,363	6,016,604	
August ...	1,227,843	125,230	13,768,851		15,121,924	386,128	14,735,796	148	
September ...	2,047,606	169,334	12,761,116		14,978,956	11,374	14,966,682	188	
October ...	1,329,938	162,468	10,678,886		12,191,292	220,265	11,951,027	82	
November ...	1,856,894	201,503	10,267,248		12,325,645	277,224	12,048,421	27,093	
December ...	2,890,105	156,911	11,749,747		14,796,763	4,193	14,792,570	969	
January ...	1,472,708	280,172	7,108,077		8,860,957	296,993	8,563,964	196	
February ...	5,528,812	148,832	1,829,842		7,507,456	380,569	7,126,917	911	
March ...	1,312,724	142,145	10,579,093		12,033,962	29,509	12,004,453	551	

Statement showing the Balance of the Home Treasury (including the Gold Standard Reserve) at the end of each month during 1918-19.

	Cash at the Bank of England.	Balance in the hands of Sub-Accountants.	Treasury Bills.	Short Loans.	Total.	Less--Sum due to the Inland Revenue Department in respect of Income-tax, etc.	Net Balance.	Balance on account of the Gold Standard Reserve included in figures in column 8.
1	2	3	4	5	6	7	8	9
April ...	£ 1,066,350	£ 155,205	£	£ 17,100,000	£ 18,321,555	£ 183,194	£ 18,138,361	£ 6,000,090
May ...	2,422,049	168,864		20,300,000	22,890,913	228,459	22,662,454	6,000,011
June ...	2,541,868	171,702		15,650,000	18,363,570	6,591	18,356,979	6,000,075
July ...	1,705,820	100,245		16,850,000	18,656,065	296,390	18,359,675	6,000,008
August ...	1,074,406	120,298		14,300,000	15,494,704	394,121	15,100,583	7,069,819
September ...	1,775,366	110,342		11,950,000	13,835,708	10,035	13,825,673	6,001,209
October ...	1,059,739	120,841		12,350,000	12,530,580	223,081	12,307,499	6,000,563
November ...	1,843,709	153,528		14,347,237	14,347,237	272,038	14,075,199	6,025,935
December ...	1,773,824	123,729		11,750,000	13,647,553	11,944	13,635,609	6,002,637
January ...	1,085,414	128,718		12,100,000	13,318,132	287,177	13,027,555	6,016,044
February ...	1,308,785	153,201		11,900,000	13,361,986	368,882	12,993,104	6,014,429
March ...	1,388,162	147,626		13,200,000	14,735,788	5,070	14,730,718	6,015,672

Statement showing the Balance of the Home Treasury (including the Gold Standard Reserve) at the end of each month during 1917-18.

	1	2	3	4	5	6	7	8	9
	Cash at the Bank of England.	Balance in the hands of Sub-Accountants.	Treasury Bills.	Short Loans.	Total.	Less—Sum due to the Inland Revenue Department in respect of Income-tax, etc.	Net Balance.	Balance on account of the Gold Standard Reserve included in the figures in preceding column.	
April	£ 1,511,444	£ 177,341	£	£ 12,300,000	£ 13,991,785	£ 148,704	£ 13,843,081	£ 6,022,568	
May	1,140,212	89,681		13,100,000	14,329,893	201,665	14,128,228	6,034,515	
June	1,890,307	102,828		11,950,000	13,943,135	—8,586	13,951,721	6,024,360	
July	1,252,987	112,311		12,350,000	13,715,298	237,830	13,477,468	6,022,338	
August	1,034,393	108,387		11,550,000	12,692,780	321,129	12,371,651	6,005,043	
September	1,733,802	118,482		13,250,000	15,102,284	—1,377	15,103,661	6,062,154	
October	1,507,391	148,817		11,200,000	12,856,208	180,103	12,676,105	6,024,443	
November	2,846,787	179,712		14,800,000	17,826,499	224,835	17,601,664	6,000,521	
December	2,317,910	182,674	3,746,506	13,100,000	19,377,090	1,299	19,375,791	6,000,075	
January	1,103,570	148,879	5,999,064	13,450,000	20,701,513	222,254	20,479,259	6,018,719	
February	1,127,279	115,306	5,999,064	13,100,000	20,341,649	292,335	20,049,314	6,014,499	
March	1,660,491	146,242		14,900,000	16,706,733	5,112	16,701,621	6,000,499	

Statement showing the Balance of the Home Treasury (including the Gold Standard Reserve) at the end of each month during 1916-17.

	Cash at the Bank of England.	Balance in the hands of the Sub- Accountants.	Treasury Bills.	Short Loans.	Total.	Less—Sum due to the In- land Revenue Dept. in res- pect of In- come-tax, etc.	Net Balance.	Balance on account of the Gold Standard Reserve includ- ed in the figures in preceding column 8.
1	2	3	4	5	6	7	8	9
April ...	£ 1,118,631			£ 11,200,000	£ 12,318,631		£ 12,318,631	£ 5,841,333
May ...	1,187,212			11,250,000	12,437,212		12,437,212	5,881,581
June ...	2,293,136			10,900,000	13,193,136		13,193,136	6,281,133
July ...	1,089,981	125,789		10,400,000	11,615,770	252,517	11,363,253	6,265,792
August ...	1,273,079	83,490		11,600,000	12,956,569	334,129	12,622,440	6,267,618
September ...	1,799,004	158,035		10,350,000	12,307,039	9 259	12,297,780	4,265,208
October ...	1,399,784	171,980		11,000,000	13,171,764	190,427	12,981,337	5,858,657
November ...	1,504,626	172,752		9,950,000	11,627,378	232,176	11,395,202	6,126,802
December ...	2,013,005	108,492		9,550,000	11,671,497	4 966	11,676,463	6,045,440
January ...	1,729,102	163,144		8,550,000	10,442,246	224,130	10,218,116	6,002,887
February ...	1,724,710	229,341		10,050,000	12,004,051	258,633	11,745,418	6,106,438
March ...	1,746,584	114,662		9,500,000	11,361,246	—31,285	11,392,531	6,001,456

*Statement showing the expenditure in England on
account of management of debt in the years 1916-17 to 1920-21.*

	1916-17	1917-18	1918-19	1919-20	1920-21
	£	£	£	£	£
Payments made to the Bank of England and Bank of Ireland for management of debt ...	60,522	60,663	60,238	60,032	59,800

No. 2447-F.

Government of India.

FINANCE DEPARTMENT.

Simla, the 30th August 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

In continuation of my letter no. 1897-F., dated the 24th June 1921,

1916-17	£ 95,680	I am directed to furnish in the margin the figures relating to the payments made to the Bank of England for the supply of Currency Notes forms to India.
1917-18	£ 91,038	
1918-19	£ 265,051	
1919-20	£ 135,744	
1920-21	£ 464,057	

I have, etc.,

A. C. MUKHERJI,

Asstt. Secretary to the Government of India.

T. 1449.

15th October 1921.

To,

The Secretary to the Government of India,
Finance Department,
SIMLA.

Sir,

In continuation of my letter No. T. 953, dated 7th June 1921 and in reply to your letter No. 2447-F. dated 30th August 1921, I am directed by my Committee to convey to you the universal feeling that the relations of the India Office with the Bank of England have not been always in the interests of this country. The Bank of England has profited from this country by the use of vast sums of gold nominally earmarked with them, by being several times appointed agents of the Government of India for the purchase of silver, through the very profitable contract they have made for the purchase of Indian gold from India through facilities given by the Government of India during the war for accepting and paying for that gold in India while it was shown in the balance of the Bank of England as gold in hand, and lastly by the extraordinary payment the Bank of England is receiving in the matter of printing Indian currency notes. Most of the matters referred to above have from time to time in one form or the other been discussed with the Government of India. Unfortunately, the Government of India have been over-shadowed by the India Office and have not been able to take any suitable action in this direction. My Committee now request that as an early step to break completely the link with the Bank of England the printing of currency notes for India should be undertaken at the Government Press in India and suitable extensions for the same should be provided in the next year's budget. Notice should be given to the Bank of England of the termination of the arrangement with them in this direction.

My Committee trust that the reply of the Government will not be disappointing and, in particular, it will not take the form of pointing out the impossibility of getting these notes printed in India. It will be a humiliating admission that the Government of India with their best efforts cannot

secure currency notes printed in this country. My Committee trust that since this is a matter touching the self-respect of this country, and at least the commercial community in Bombay have come to regard it as such, their opinion in this matter will receive due consideration at the hands of the Government of India.

I beg, etc.,
S. M. MUZUMDAR,
Ag. Secretary.

No. 2976-F.

Government of India.

FINANCE DEPARTMENT.

Simla, the 21st October 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to acknowledge the receipt of your letter No. T. 1449, dated the 15th October 1921, in which your Committee suggest that the printing of currency notes for India should be undertaken in this country instead of in England.

I have, etc.,
A. C. MUKHERJI,
Asstt. Secretary to the Government of India.

APPENDIX LV.

Government Securities Committee.

T. 888-A.

14th May 1921.

'Telegram.

To

The Secretary to the Government of India,

Finance Department,

SIMLA.

"The Committee of the Indian Merchants' Chamber understand that the Proceedings of the Securities Rehabilitation Committee are going to be private. If that is correct we would urge that the inquiry should be public. We would also point out the necessity of giving opportunity to individual members of public to place before the Committee any views they may have upon the subject. Neglect of these essentials will we urge weaken the value of the Committee's Report.

Mehta—Secretary "

 No. 1550-F.

Government of India.

FINANCE DEPARTMENT.

Simla, the 19th May 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau.

Sir,

I am directed to acknowledge the receipt of your telegram of the 14th instant in which you urge that the enquiry, which is now being held in Bombay by a non-official Committee regarding the rehabilitation of Government Securities and other matters connected with Government's loan policy should be public, and that individual members of the public should be given opportunities to place their views before the Committee.

2. In reply, I am to inform you that in the opinion of the Government of India a public enquiry in a matter of this sort is both unsuitable and undesirable, inasmuch as the experts and members of the business public consulted might feel some natural hesitation in giving a full expression of opinion if the enquiry were held in public, and moreover there is the risk of expectations being aroused amongst holders of securities which might not be realised. The Government of India understand that the Committee are desirous of obtaining the views of any members of public who desire to offer them and will give them full opportunity for so doing.

I have, etc.,

A. C. MUKHERJI,

Asstt. Secretary to the Government of India.

OFFICE OF THE GOVERNMENT SECURITIES COMMITTEE,

C/o the Deputy Controller of Currency.

New Customs House, Ballard Road,

Bombay, the 13th May 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

B O M B A Y.

Sir,

I have the honour to state for the information of your Chamber that the Government of India have appointed a Committee in Bombay to advise them as to the action to be taken in order to give effect to the Resolution regarding the rehabilitation of Government securities which was adopted by the Council of State in February last, and I am directed by the Committee which is now sitting in Bombay to request that you will be so good as to communicate the views of your Chamber on the subject as soon as possible for their consideration. It will be a great convenience if

your reply can be sent so as to reach me before the end of this month or earlier, if possible. To assist in the formulation of your views, I enclose for your perusal and return copies of the debates in the Council of State to which reference has been made above, and of the debates on the same question in the Legislative Assembly on the 2nd March 1921.

2. The Committee will be glad if your Chamber will also depute your Finance Sub-Committee to appear before them and explain personally the views put forward on behalf of your Chamber. I request that an intimation may be sent of the earliest date on which your Sub-Committee will be able to appear before the Committee.

I have, etc.,
A. V. V. AIYAR,
Secretary.

OFFICE OF THE GOVERNMENT SECURITIES COMMITTEE,
C/o the Deputy Controller of the Currency.

New Custom House, Ballard Road,
Bombay, the 20th May 1921.

Dear Sir,

In continuation of my letter, dated 13th May 1921, I enclose a copy of a statement showing the principal rupee loans of the Government of India outstanding on the 28th February 1921, as it may be of assistance to you in formulating your views on the question of the rehabilitation of Government Securities.

Yours faithfully,
A. V. V. AIYAR,
Secretary.

Rupee Debt of the Government of India.

Principal Rupee Loans outstanding on 28th February 1921.

Rate of Interest.	Amount.
	Rs.
Six per cent. ...	29,34,69,000 (a)
Five-and-half per cent. ...	57,99,31,000 (b)
Five per cent. ...	45,28,52,000 (c)
Four per cent. ...	14,89,87,000 (d)
Three-and-half per cent. ...	1,19,12,89,000
Three per cent. ...	6,55,80,000

(a) Repayable in 1930.

(b) Repayable between 1921 and 1928.

(c) Comprises two issues, the Indian War Loan 1929-47 and the income-tax free loan, 1945-55.

(d) Comprises two issues, viz., the terminable loan of 1915-16 repayable in 1926-27 and the conversion loan 1931-36.

No. T-917.

26th May 1921.

To

A. V. V. Aiyar Esqr., C. I. E.,

Secretary to the Government Securities Committee,

BOMBAY.

Sir,

I am directed to acknowledge the receipt of your letter of the 13th instant, and to give below views of my Committee regarding its subject matter :—

In the opinion of my Committee there is some ground for anticipating that the rate of interest may revert to the normal of the last generation, in the course of the next few years. The rapid fall of prices of commodities all over the world gives ground for this expectation and the deprecia-

tion in the prices of the 3 and $3\frac{1}{2}$ % is, therefore, probably only a temporary phenomenon. My Committee, however, feel that it is in the best interest of future Government borrowings, to restore the confidence of the investors in Government loans which has been very badly shaken by the present condition of the 3 and $3\frac{1}{2}$ % loans. They, therefore, think that Government should make these loans redeemable in say 60 years and create a suitable sinking fund for the purpose, such fund to be preferably invested in the said securities. Such a course would be entirely in consonance with the policy of the Government in respect of all the loans issued in recent years which have a fixed date of redemption. The provision of such sinking fund should not be obtained from any form of new taxation but should be found by economy and retrenchment in the superior establishment charges of Civil and Military Departments. This would take off from the market for $3\frac{1}{2}$ per cent. loans the holdings of weaker parties and would have the effect of sustaining the value. If adopted this would mean to an extent reducing the debt of the country and during years of high money rates this would also mean extinction of the debt on terms not unprofitable to the tax-payer. Nor would this provision cause any undue speculation in the market because apart from the sum available from such sinking fund, being spent at any time throughout the official year, there would be easier conditions all round. Whatever the measures the Government may ultimately decide to adopt there would be further corresponding saving of recurring charges in the matter of interest.

In this connection my Committee would strongly recommend the immediate sale of the sterling treasury bills still remaining in the Paper Currency Reserve in London and transfer of the money so realised at the very favourable opportunity that now presents itself in the matter of exchange. This money should be used for purchase on behalf of the Paper Currency Reserve of $3\frac{1}{2}$ % rupee loans within the 40 % fiduciary limit recommended by the Currency Committee and accepted by the Government. This would transfer the reserve to India where it ought rightly to be located and at the same time appreciably improve the position of the $3\frac{1}{2}$ % rupee loan.

My Committee further feel that it is in the interest of the Government itself not to issue any fresh loan at a higher denomination than 6 per cent

and if the Government are advised that circumstances of the market are such as will not procure sufficient funds on a 6 % loan, such a loan should be raised even at a discount by calling tenders for the same.

In conclusion, my Committee would submit that it is time that serious attempts were made to economise in the general administration of the country, so as to reduce the necessity for large borrowings. The representatives of the people must be given a larger voice in determining their expenditure. It may appear as a counsel of perfection, but my Committee feel that improving the financial administration of the country and bringing it in greater accord with the interest of the people and their capacity generally would be in the long run the only solid basis for future borrowings on easier terms and therefore for the maintenance of the value of the 3½ % loan.

I beg, etc.,

J. K. MEHTA.

Secretary.

APPENDIX LVI.

The Representation of the Chamber on the Central Cotton Committee.

T.858.

4th May 1921.

To

The Secretary to the Government of Bombay,

Department of Revenue,

BOMBAY.

Sir,

In connection with the correspondence ending with my letter of the 21st June 1920, No. T.1170, the attention of my Committee has been drawn to a resolution of the Government of India in the Department of Revenue and Agriculture No. 404-22, dated the 31st March 1921.

This resolution gives the personnel of the Central Cotton Committee which will have its headquarters at Bombay.

My Committee are sorry to note that this Chamber is not included amongst those Chambers and Associations which are privileged to elect a representative on the Central Cotton Committee. This privilege is not restricted merely to Millowners and Cotton Association but is accorded also to Chambers of Commerce, the interest of members of which in Cotton, cannot surely be greater than the interest of members of this Chamber in Cotton.

The resolution provides in its paragraph 7 that "Subject to the submission to them for sanction of any proposals requiring it under the ordinary Financial rules, the Government of India leave it to the discretion of Local Governments and Administrations to decide the composition and details of organisation of their Provincial and Local Committees."

My Committee beg to request the Government of Bombay to be pleased to make provision for a representative of this Chamber on the Central Cotton Committee, and hope that this request will be granted.

I beg, etc.,

J. K. MEHTA,
Secretary.

No. A.-71.

REVENUE DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 3rd June 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau.

Subject.—Representative on the Central
Cotton Committee.

Sir,

With reference to your letter No. T-858 dated 4th May 1921 I am directed by the Government of Bombay (Transferred Departments), to

staté that a copy of your letter has been forwarded to the Government of India for consideration and their orders will be communicated to you in due course.

2. With reference to the last two paragraphs of your letter, I am to state that Government do not at present consider it necessary to appoint a Provincial Cotton Committee. If hereafter such a Committee is appointed the question of your Chamber's representation will be considered.

I have, etc.,

SHAMRAO D. MANKAR,
for Deputy Secretary to the Government of Bombay,
Revenue Department.

No. 282 of 1921.

To

The Secretary,
Indian Merchants' Chamber and Bureau, Bombay.

Dated Camp Simla, the 17th June 1921.

Sir,

I have the honour to forward a copy of Government of India Resolution No 712-194 adding a representative of the Indian Merchants' Chamber and Bureau to the Central Cotton Committee. The Bombay Government will doubtless address you shortly as to the nomination of your representative. In the mean time I forward for transmission to your representative when nominated papers for the first meeting of the Indian Central Cotton Committee the date for which has been presumably fixed as July 20-22 at Bombay. Will you kindly let me know his name at your early convenience.

My address will be—

10, Wodehouse Road, Bombay, from 28th instant.

I have, etc.,

B. C. BURT,
Secretary,

Indian Central Cotton Committee.

No. 712-194.

Government of India.

DEPARTMENT OF REVENUE AND AGRICULTURE.

(Agriculture).

Simla, the 16th June 1921.

RESOLUTION.

The Government of India have decided to add a representative of the Indian Merchants' Chamber and Bureau, Bombay, to the list of non-official members of the Central Cotton Committee published in paragraph 4 of their Resolution No. 404-22, dated the 31st March 1921.

Ordered that a copy of the Resolution be communicated to all local Governments and Administrations, the Agricultural Adviser to the Government of India, the Secretary, Central Cotton Committee and the Finance, Commerce, Public Works and Foreign and Political Departments, for information.

Ordered also that the Resolution be published in the Supplement to the Gazette of India, for general information.

(Sd) J. HULLAH,

Secretary.

T-1022

25th June 1921.

To

B. C. Burt, Esquire, M. B. E., B. Sc., F. C. S.,

Secretary,

Indian Central Cotton Committee,

SIMLA.

Sir,

With reference to your letter No. 282, dated the 17th instant, I am directed by my Committee to inform you that they have nominated Mr. Mathuradas Vassanji as their representative on the Central Cotton Committee.

I beg, etc.,

S. M. MUZUMDAR,

Asstt. Secretary.

No. A-71. 1111

REVENUE DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 20th June 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau.

Subject.—Representation on the Central
Cotton Committee.

Sir,

With reference to paragraph 1 of Government letter No. A-71, dated 3rd June 1921, I am directed by the Government of Bombay (Transferred Departments) to state that the Government of India have been pleased to sanction the appointment of a representative of your Chamber on the Central Cotton Committee and to request that you will be good enough to communicate to this Government the name of the representative whom your Chamber desires to nominate. The favour of an immediate reply is requested as the Government of India desire to issue a Resolution on the subject at once.

I have, etc.,

SHAMRAO D. MANKAR,

Under Secretary to the Government of Bombay,
Revenue Department.

T-1021

25th June 1921.

To

Rao Bahadur Shamrao D. Mankar, B.A.,

Under Secretary to the Government of Bombay,
Revenue Department.

Sir,

With reference to your letter No. A/71, dated the 20th June 1921, I am directed by the Committee to inform you that they have nominated Mr. Mathuradas Vasanji as their representative on the Central Cotton Committee.

I beg, etc.,

J. K. MEHTA,
Secretary.

APPENDIX LVII.*The Tariff Commission.*

T-984.

16th June 1921.

Telegram.

To

The Secretary to the Government of India,

Commerce Department,

SIMLA.

"Committee Indian Merchants' Chamber learn with grave anxiety that Government have abandoned intention of appointing an Indian as Chairman of the Tariff Commission. Chamber feel that an inquiry on such an important and far-reaching issue would lose its value and fail to gain public confidence unless there is a majority of Indians sitting on it and unless the Chairman is an Indian. Committee respectfully urge Government will reconsider the position before it is too late."

—Mehta, Secretary.

APPENDIX LVIII.*Amendment of the Code of Civil Procedure.*

No. 4416.

HOME DEPARTMENT.

Secretariat, Fort.

Bombay, 3rd May 1921.

To

The Chairman,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

Sir,

I am directed to forward herewith a copy of a Bill further to amend the Code of Civil Procedure, 1908, with the Statement of Objects and Reasons, and to request that you will be so good as to favour Government with the opinion of your Chamber on the provisions of the Bill.

2. It will be convenient if the opinion reaches Government by the 15th June 1921.

I have, etc.,
G. WILES,
Deputy Secretary to the Government of Bombay,
Home Department.

Accompaniments :—

- * (1) A copy of the Bill with Statement of Objects and Reasons.
- * (2) Extracts from Debates of Legislative Assembly dated the 17th March 1921.

T.-1006.

21st June 1921.

To

G. Wiles, Esquire,
Deputy Secretary to the Government of Bombay,
Home Department,
BOMBAY.

Sir,

With reference to your letter, dated 3rd May 1921, No. 4416, I am directed by the Committee of this Chamber to send to you their views. They disapprove entirely of the amendment proposed to be introduced in the Code of Civil Procedure of 1908. While sympathizing with the object of the Government to discourage the institution of fraudulent and dishonest suits, they think that the object will not be gained by the proposed amendment. There are already sufficient safeguards provided by the Indian Penal Code against the institution of such suits, and if these are not sufficient to check the evil, the proposed amendment in the Civil Procedure Code will not be able to do it. No such provision can be traced in the English Judicature Acts nor are my Committee aware that in any other modern system of Jurisprudence such power is given to the Civil Courts. They see no reason why the Indian Legislature should embark on an expedient for which there is no precedent in any other

civilised country. My Committee feel very strongly that it is not in the public interest that the Judiciary should be armed with a power of this nature which is also sought to be made unappealable.

I beg, etc.,
J. K. MEHTA,
Secretary.

APPENDIX LIX

Establishment of an Ultimate Court of Appeal in India.

No. 5160.

HOME DEPARTMENT,

Secretariat, Fort,

Bombay, 26th May 1921.

To

The Chairmar,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to forward herewith a copy of a letter from the Government of India in the Home Department (Judicial), No. 838, dated the 9th May 1921, and of its accompaniments, regarding the proposed establishment of an ultimate Court of Appeal in India, and to request that you will be so good as to favour Government with the views of your Chamber on the points raised by the Government of India.

2. It will be convenient if the opinion reaches Government not later than the 30th June 1921.

I have etc.,

G. WILES,

Deputy Secretary to the Government of
Bombay, Home Department.

Accompaniments:—

- (1) Copy of a letter from the Government of India,
No. 838, dated the 9th May 1921.
- (2) Copy of a Resolution adopted by the Legislative
Assembly on the 26th March 1921.
- * (3) Extract from the Legislative Assembly Debates,
dated the 26th March 1921.

No. 838.

To

The Secretary to the Government of Bombay,

Home Department.

Simla, the 9th May 1921

Sir,

I am directed to forward for the information of His Excellency the Governor in Council a copy of a Resolution adopted by the Legislative Assembly on the 26th March 1921, regarding the establishment of an ultimate court of appeal in India, together with an extract from the proceedings of the Assembly on the subject. I am to request that the Government of India may be favoured with the views of His Excellency in Council together with those of the High Court and Judicial Commissioner's Court and such other legal authorities or bodies as the local Government think fit to consult on the following points:—

- (1) the desirability of establishing a supreme court of appeal in India for the trial of civil appeals;
- (2) the location of such a court, if established;
- (3) the qualifications to be required of, and the emoluments to be paid to, the members of such a court, if established;
- (4) the relation which such a court should bear to the Judicial Committee of the Privy Council;
- (5) the extent to which, if such a court is established, the right of appeal to His Majesty in Council should be barred;
- (6) whether the court should also have any jurisdiction in regard to criminal cases; and
- (7) the effect of the establishment of such a court upon the suggestion which has been made to establish an Imperial Court of Appeal which would combine the judicial functions of the House of Lords and the Judicial Committee.

2. The Government of India would be glad if a reply to this letter could be sent so as to reach them not later than the 1st August 1921.

I have, etc.,

H. TONKINSON,

Additional Deputy Secretary to the Government of India.

RESOLUTION.

"This Assembly recommends to the Governor-General in Council to be so pleased as to take early steps to collect the opinions of the local Governments, the High Courts, and other legal authorities and to ascertain public opinion generally as to the desirability of establishing a supreme court of appeal in India for the trial of civil appeals and its relation to the Privy Council and as to whether such court of appeal should also have any jurisdiction in regard to criminal cases."

T.-991.

16th June 1921.

To

G. Wiles, Esqr.,

Deputy Secretary to the Government of Bombay,

Home Department,

BOMBAY.

Sir,

With reference to your letter of 26th May 1921, No. 5160, my Committee approve of the proposed establishment of an ultimate Court of Appeal in India. They, however, are of opinion that when such an ultimate Court of appeal is established in India there should be no appeals allowed to the Privy Council. Dr. Gour in his speech moving the resolution in the Legislative Assembly observed "if we have a Supreme Court here subject to the provisions contained in sections 109 and 110 all cases of Rs. 10,000 or more which are ordinarily appealable to the Privy Council will be appealable either in Supreme Court or to the Privy Council at the option of the appellant." My Committee disapprove entirely of such an option given to the appellant, and think that with the establishment of a Supreme Court of appeal in this country there should be no necessity for any appeal being allowed to the Privy Council in England.

I beg, etc.,

J. K. MEHTA,

Secretary.

APPENDIX LX.

Redrafting of the Income Tax Act of 1918.

No. 825-F.

Government of India.

FINANCE DEPARTMENT.

Delhi, the 11th March 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to say that numerous difficulties have arisen regarding the method of assessing mercantile profits for the purposes of the Income Tax Act of 1918, and that the Government of India have, therefore, decided to appoint a small committee of experts to examine the question of re-drafting the Act for the purposes of bringing in additional provisions either in the Act itself or as rules which could be made consistently with the Act on lines similar to the provisions contained in the English Income Tax Act. A further communication will be sent to you regarding the composition of the committee and the dates on which it will sit. The committee will in any case visit Bombay and I am to ask that your Chamber may be good enough to furnish a list of gentlemen who they consider might usefully give their views to the committee on these questions.

I have, etc.,

G. G. SIM,

Joint Secretary to the Government of India.

No. C.-1426.

REVENUE DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 9th April 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

B O M B A Y.

Subject.—Committee to make inquiries and recommendations for assessment of mercantile profits.

Sir,

I am directed by the Governor in Council to inform you that Mr. G. G. Sini, C. I. E., I. C. S., Joint Secretary to the Government of India, Finance Department, has been deputed to make inquiries and recommendations in consultation with local committees in Bombay and other centres regarding the assessment of mercantile profits to income tax and super tax. The Committee for Bombay will meet at the Secretariat between 21st and 27th April 1921 as at present arranged. I am to enquire whether your Chamber would wish to produce any witnesses before the Bombay Committee, and, if so, to request you to send their names to Government at a very early date.

I have, etc.,

SHAMRAO D. MANKAR,

Under Secretary to the Government of Bombay,
Revenue Department.

No. C.-1426.

REVENUE DEPARTMENT.

Secretariat, Fort Bombay.

Dated the 20th April 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

B O M B A Y.

Subject.—Committee to make enquiries and recommendations for the assessment of mercantile profits.

Sir,

In continuation of Government letter No. C.-1426, dated 9th April 1921, I am directed by the Governor in Council to state that Government have nominated the following gentlemen to be members of the Committee mentioned above :—

Mr. H. P. W. MacNaghten, M. L. C.

Mr Rahimtoolla Currimbhoy, M. L. A.

Mr. Manmohandas Ramji, M. L. A.

The Hon. Mr. Lalubhai Samaldas Mehta,

Mr. Cowasji Jehangir (Junior), C. I. E., O. B. E., M. L. C.

Khan Bahadur Jamshedji Bezonji Vachha (Acting Commissioner of Income Tax, Bombay.)

I am to add that the Committee will meet in the Secretariat Committee Room, Bombay, for about a week from 23rd April 1921. Specific dates and hours of its meetings will be communicated to you by the Commissioner of Income Tax, Bombay.

2. It is requested that the names of any witnesses your Chamber may wish to produce before the Committee may be communicated immediately to the Commissioner of Income Tax, Bombay.

I have, etc.,

M. WEBB,

Deputy Secretary to the Government of Bombay,
Revenue Department.

No. T-792.

21st April 1921.

To

Khan Bahadur J. B. Vachha, B. A., B. Sc.,

Commissioner of Income Tax,

BOMBAY.

Sir,

With reference to the letters dated the 5th and 11th instant, respectively, from G. G. Sim, Esqr., C. I. E., I. C. S., Joint Secretary to the Government of India, Finance Department, I am directed by the Committee of this Chamber to send to you hereby the principal questions which they would like to be considered by the Income-Tax Committee which is going shortly to hold its sittings in Bombay :—

- (a) Stocks insurance and profit insurance should for the purposes of section 9, paragraph 2, sub-clause 4, be allowed to be deducted from the total profits of a Company.
- (b) In case of branches, assessment should be fixed at the place where the business is carried on.
- (c) With regard to partnership profits partners of a firm should be individually assessed and not the whole firm. Only declarations should be deemed valid. No translation of partnership agreements should be required if they happen to be in vernacular. Partnership agreements to be registered should be required a stamp of only eight annas and not Rs. 10.
- (d) Merchants and Shroffs should not be asked to disclose names of their depositors.
- (e) The same source of revenue should not be assessed twice over.
- (f) Income-tax should be finally assessed on the ascertained income of the preceding year.
- (g) If accounts are audited by certified Auditors and Statements are presented by them, books of account need not be examined.

- (4) An assessee should be allowed for the purposes of assessment to have a choice as to whether his income should be assessed on the basis of the preceding year or on the average of three years.
- (i) Whenever any appointment is given to an assessee it should be kept punctually as under the present system much time of merchants is wasted. My Committee are informed that merchants have to attend, sometimes, for a number of days, the office of the Income-tax Collector, before they are granted the interview asked for and fixed several days previously.

My Committee have nominated the following gentlemen to be their representatives for the purposes of oral evidence before the Income-tax Committee:—Mr. Lalji Naranji, Chairman, Mr. K. S. Aiyer, Mr. S. B. Billimoria, and Mr. Maneklal Amulakhrai Mehta.

I beg, etc.,

J. K. MEHTA.

Secretary.

APPENDIX LXI.

Amendment of the Indian Limitation Act.

No. 4338 of 1921.

HOME DEPARTMENT,

Secretariat, Fort,

Bombay, 29th April 1921.

To

The Chairman

of the Indian Merchants' Chamber and Bureau.

Sir,

I am directed to forward herewith a copy of a Bill further to amend the Indian Limitation Act, 1908, with a copy of the Report of the Select Committee on the Bill, and to request that you will be so good as to favour Government with the opinion of the Bureau on the provisions of

the Bill. Copies of the Statement of Objects and Reasons along with an extract from the Debates of the Legislative Assembly are attached.

2. It will be convenient if the opinion reaches Government by the 1st June 1921.

I have, etc.,

G. WILES,

Deputy Secretary to the Government of Bombay,
Home Department.

- * 1. Copy of a Bill further to amend the Indian Limitation Act, 1908.
- * 2. Copy of the Report of the Select Committee.
- * 3. Copy of Statement of Objects and Reasons.
- * 4. Extract from the Debates of the Legislative Assembly.

T-1008.

22nd June 1921.

To

G. Wiles, Esquire,

Deputy Secretary to the Government of Bombay,

Home Department,

BOMBAY.

Sir,

With reference to your letter No. 5520,† dated 6th instant regarding a Bill further to amend the Indian Limitation Act, 1908, I am directed by the Committee to send their views as follows :—

With regard to clause 1 in the amending Bill, my Committee think that it is no doubt more general in its scope than section 5 of Act IX of 1908 as it is intended to apply to all applications saving only those in respect of which any special or local laws might be containing terms to the contrary. My Committee think that this amendment will serve a very useful purpose as it will give discretion to the Courts to relieve real causes of hardships whereas under the Act of 1908 there was no such discretion.

* Not printed in this Report.

† Reminder to the previous letter.

With regard to the other amending clause relating to section 29, sub section 1, clause (b) of Act IX of 1908, my Committee think that the amendment proceeds on the views taken by the Allahabad High Court that a special or local law is not in itself a complete code of limitation and that the general provisions of the Indian Limitation Act may be applied in computing the period of limitation specially prescribed by any special or local law. With regard to this amendment also my Committee think that it is a just amendment and will be in the public interests.

I beg, etc.,

J. K. MEHTA,

Secretary.

APPENDIX LXII.

*Interview with the Hon'ble Sir Thomas Holland, K.C.S.I., K.C.I.E.,
Member for Commerce and Industries, Government of India.*

A meeting of the Committee of the Indian Merchants' Chamber and Bureau was held on Thursday, the 30th June 1921, at 12 noon, to discuss with the Hon'ble Sir Thomas Holland several questions relating to his department. Mr. Lalji Naranji, the Chairman of the Chamber, made the following speech:—

Sir Thomas Holland:—

I have much pleasure in welcoming you on this your first visit to my Committee in your capacity of Member for both the Departments of Commerce and Industries. The Hon'ble Sir D. E. Wacha welcomed you some years back as President of the Industrial Commission but I believe that this is the first time you visit us as Member of the Government of India.

Questions recently put in the House of Commons tend to show that pressure is being put upon the Indian Government to place orders with British makers regardless of price. We find Mr. Kelley urging "the inadvisability in Imperial interests of giving Indian State Railways orders to foreign companies who owing to exchange conditions could quote lower

prices." Mr. Montagu seems to have replied that "the purchase of stores for the Indian State Railways was under the control of Sir W. Mayer and that his policy was to give full weight to the considerations urged by Mr. Kelley." This would practically mean that Sir W. Mayer was buying from England instead of, say, Belgium though the latter might be much cheaper. We find Mr. Montagu being once more questioned by Sir Samuel Roberts and replying that the prospectus of the Indian Sterling Loan stated that entire proceeds would be spent in England and that therefore no part of the proceeds would be expended abroad. This of course means that India must buy in England although England may be 25 or 30 per cent. higher than Belgium or Germany. My Committee strongly and emphatically protest against all this which implies that the Secretary of State has committed himself to the untenable position that stores for India should be purchased in England only. My Committee cannot understand how the Secretary of State can, without consulting the Indian Legislature, commit India to the position that all the stores required for this country should be British made only. The question of Imperial Preference is still hanging in the air and will not be and cannot be decided finally till the proposed Tariff Commission has submitted its report. To forestall this report as the Rt. Hon'ble Mr. Montagu did in the House of Commons and as the prospectus of the Indian Sterling Loan stated that all the stores required for this country would be purchased from England, is flouting the Indian public opinion at a time when it is said that the new Reforms have ushered in a new era of freedom of action and fiscal autonomy for the Indian people. My Committee emphatically protested against the proposed clause in the terms of tenders of the Development Department enjoining that only British made stores should be used by the contractors. Ultimately, this clause was deleted. If this is the case in Bombay, one cannot understand how the Secretary of State can foist upon this country a policy which has neither been approved by the Indian Legislature nor received the consent of the people in general. My Committee regret to note that the tendencies manifested since some time past by the India Office going out of its way to favour the British financial and industrial interests at the expense of this country have not

only shown itself in the financial policy dictated from Whitehall but also in the industrial policy dictated from the same quarters. My Committee have definitely ascertained that British materials are about 30 and even more per cent. higher in prices than continental materials. There can be no justification whatever for the Secretary of State to saddle India with this additional enormous cost simply because it is to the interests of British manufacturers to do so. My Committee would like to draw your attention to the Report of the Stores Purchase Committee on page 56, Chapter 8, wherein they have stated : " We consider that the general principle which should govern the purchase of the import of stores is that advantage should be taken of the cheapest market in which suitable articles can be obtained, due consideration being given to cases of urgency or special advantages." It must be laid down as the general principle to be acted upon by the Secretary of State in the matter of purchase for this country that tenders, when asked by the Indian Stores Department only should be asked for not only from British manufacturers but also from continental and American manufacturers, in order that India may be able to purchase her requirements from the cheapest market. The High Commissioner for India, when requested by Indian Stores Department, should consider it his duty to look closely into all the purchases made by the Stores Department of the India Office and rigidly put a stop to the inclination shown to patronise British industries even though such a patronage would cost the Indian Treasury an enormous amount. The Secretary of State has no business to show his local patriotism by indiscriminately placing all his orders with British manufacturers. We regret to notice that so far we have not learnt of any steps taken by the Government of India through your Department to check this pernicious practice of sacrificing Indian interests. May we now hope that the Government of India will immediately take up this question and get it satisfactorily settled.

My Committee recently sent a telegram to your Department regarding the Chairmanship of the Tariff Commission and had before that suggested to the Hon'ble Mr. Hailey also that the Tariff Commission should consist of a majority of Indians with an Indian Chairman. We would now like to learn from you, if possible definitely, that the Govern-

ment of India have finally abandoned the idea of appointing an Englishman and that too of confirmed free-trade leanings as Chairman of such an important commission. We believe that the Government of India can secure eminent Indians to do justice to the responsible position of Chairman of the Tariff Commission, and that there is no excuse whatever for the Government to select an Englishman because he is an Englishman or because it suits the British Cabinet.

We have felt very keenly on this question and we are looking forward to some assurance from you on this point. Our Committee have suggested a departure from the usual mode of forming the personnel of such Commissions and they have asked to be allowed to nominate two members. This and the Indian majority and the Indian Chairman form the three requirements the non-fulfilment of which will vitiate the inquiry and arouse no confidence. The Government is asking for co-operation on the great work of reconstruction after the war and we are offering it freely but the flouting of our legitimate suggestions can only mean that Government do not care or value such help as Indians through their organised body can give.

My Committee like to suggest that Chambers of Commerce should be invited to send representatives to the Conference of Ministers and Directors of Industries and also to the Railway Conference. The former Conference is a very important industrial Conference and we believe that the presence of representatives of both European and Indian Chambers of Commerce will not only add to the importance of its work but also pave the way for a real and genuine industrial development by bringing together representatives, official and non-official from all provinces. My Committee realise that there must be some questions which may be confidential. It may be arranged that the Conference may sit in camera to discuss such purely confidential questions, while it may be open to representatives of Chambers of Commerce to consider the other items on the Agenda.

The Hon'ble Mr. Hailcy in his speech introducing the Budget observed thus: "I submit therefore that, quite apart from our present financial

necessities, a moderate increase of rates, particularly on goods traffic, the rates for which are mostly still on a pre-war basis, could be amply justified on business grounds. It is not possible, however, to read just the various rates in time enough to give us the money we need during the next financial year. In the case of goods rates, it is a particularly cumbrous business and requires very careful consideration in consultation with our traffic experts and with the Railway Companies. We have asked the Railway Board to examine the matter carefully during the course of next year in order to see what enhancements of rates are possible. Meanwhile, as a temporary measure, we propose to make a substantial increase in the surcharge on goods traffic which was imposed in 1917." It thus appears that the surcharge levied recently is merely a temporary makeshift and that rates will be increased particularly on goods traffic to meet the Government's requirements. My Committee are of opinion that the enquiries of the nature referred to above by the Railway Board should not be conducted departmentally, but that the Chambers of Commerce and Commercial Associations should be consulted with regard to the increases in rates on different commodities. Unless these commercial bodies are consulted the enquiry will be useless and increases in rates will be felt as an unjust burden on the commercial community and the public.

The Hon'ble Sir Thomas Holland gave the following reply:—
Mr. Lalji Naranji and gentlemen,

I should like at the outset to express my great appreciation of the opportunity of meeting this Committee again. As the President has reminded you, I first met the Committee of the Indian Chamber in 1916 and there followed directly two advantages to me. First, I received some very valuable advice as to the lines that ought to be followed by the Industrial Commission; and in the second place, I formed acquaintances then which have since developed into highly valued permanent friendships. Among the friendships then made I think it will be safe to say that I possibly value most that which has ripened between myself and the distinguished and unselfish citizen who was then your Chairman, the Hon'ble Sir Dinshaw Wacha.

Your Chairman refers to two questions asked in the House of Commons regarding the purchase of stores for Indian State Railways, and these he regards as "pressure put upon the Indian Government to place orders with British makers regardless of price." In the first place, we are not in the habit of regarding a question in the House of Commons by every irresponsible Member as effective pressure put on the Government of India; and in the second place, I see nothing even in the telegraphic reports of the question and answer to justify the assumption that there is any tendency to place orders on behalf of the Indian Government with British makers "regardless of price." We have so far in this country seen only the Reuter's telegraphic summary of the Secretary of State's answers to the question put in Parliament. We need not go very far back into the records of Reuter's telegrams to discover that his agent, like other human beings, is liable to err. Most of you will remember that quite recently he confused the Prime Minister with an Under Secretary and gave India an entirely misleading view of what was said about her obviously high credit in the commercial world. On the whole, I should be inclined to suggest that it might be well to await the arrival in India of the full text of both the question and the answer before drawing the inferences outlined in your President's speech. I should not assume, for instance, from what we know of Mr. Montagu that he is likely to flout Indian public opinion. I should not assume from these incidents as reported that he is desiring to "foist upon this country a policy which has neither been approved by the Indian Legislature nor received the consent of the people in general." I should not assume that the Secretary of State has attempted to saddle India with an additional enormous cost "simply because it is in the interests of the British manufacturers to do so." I should not assume that the Secretary of State has shown "local patriotism by indiscriminately placing all his orders with British manufacturers." There are, however, some assumptions that can safely be made. One is that the Secretary of State does not place orders at all on behalf of Indian Government Departments. It seems to me, therefore, as a simple-minded person, accustomed to deal with business men, that it is rather unusual to decorate in torrid language the motives of

a man for an act which he has never committed at all. The function of purchasing stores has been handed over to the High Commissioner since October 1920. The High Commissioner, as you know, is an official directly subordinate to the Government of India, and those of you who know Sir William Meyer will support me when I say that Indian interests can have no more able or rigidly conscientious supporter. Sir William Meyer will certainly consider the financial interests of India to be more important than giving support to British manufacturers. Whether in the particular instances, that were in the mind of Mr. Kelly when he asked the question, it is cheaper for India to purchase the railway stores in England or abroad, I cannot possibly give an opinion without at any rate some knowledge of the facts. Your President states that his Committee "have definitely ascertained that British materials are about thirty and even more per cent. higher in prices than continental materials." I should like to know what the exact figures are for example, with regard to the prices of locomotives of the type required for Indian State Railways. I have no doubt that your committee, having definitely ascertained the figures, will be able to supply them to me for reference to the High Commissioner. I shall not have the slightest hesitation in asking for his explanation of any instance which you can bring to my notice as showing that Indian financial interests are, as your President asserts, being sacrificed for the sake of British manufacturers. I agree with your President that we have no right to anticipate the findings of the proposed Fiscal commission. Our present duty is the strictly business method of securing on behalf of India the materials that it wants, and at the most favourable rates obtainable.

Your President assumes from the Secretary of State's cautiously worded answer, as summarised by Reuter, that our representative is placing all his orders *indiscriminately* with British manufacturers. I should imagine, on the contrary, from the tone of Mr. Kelly's question, that *some* of the orders are being placed elsewhere and that, as one would expect, from the large variation in the nature of railway stores, some discrimination is actually being shown with a view of obtaining the best bargains possible

for India. Indeed, those of you who have seen this morning's telegrams will have seen some indication of the discrimination being shown in the purchase of axle steel in America instead of in Scotland.

FISCAL COMMISSION.

Your Chairman wishes to learn from me, "if possible definitely", that the Government of India have abandoned the idea of appointing as Chairman of the proposed Fiscal Commission an Englishman of "confirmed free-trade leanings." To answer this question with a definite "Yes" or "No" would leave an impression as false as the answer to the well-known catch question, "have you left off beating your mother"?

The real answer falls into two parts :—

- (a) the Government of India intend, if practicable, to avoid appointing as Chairman any one who has publicly committed himself to definite convictions either in favour of protection or of free trade, and,
- (b) for this reason the name of the gentleman that you have in mind has never been considered, either as Chairman or even as a member of the Commission.

Your Chairman says there is no excuse for Government to select an Englishman because "it suits the British Cabinet". The question will not go before the Cabinet at all; for the appointment will be made by the Government of India on its own authority. I think you can trust my Indian colleagues on the Council to see that the appointments made are such as not to prejudice India's claim to fiscal autonomy and India's right to use protection in her own immediate interests.

To make this claim effective we want on the Commission men who are obviously judicial in their attitude to fiscal questions, who represent industrial as well as commercial interests, who represent the consumer as well as the producer and trader, and who represent fairly the chief communities and the various provinces of India. If you are anxious for secrets, I can tell you that the preliminary lists, prepared on these lines by

a Committee of the Council, are now with His Excellency the Viceroy, who will presumably, in accordance with his practice of taking his Council in full confidence, select the final list after hearing all our views. Personally, I cannot see how the interests which I have referred to can be fairly represented except by a Commission composed of at least half Indians. Beyond that it would not be fair to speculate in a way that would give cause for the further public discussion of names of gentlemen who, for various reasons, may not be able to serve whether invited or not,

MINISTERS' CONFERENCES.

I understand from your Chairman's speech that you wish the Chambers of Commerce to send representatives to the Conference of Ministers and Directors of Industries. The reason for not extending the scope of the Conference is not due to the fact, as suggested, that its proceedings are confidential, but due in the first instance to the desirability of keeping the Conference sufficiently small in numbers to permit of free discussion across the table. If we enlarge the Conference to the extent suggested, the proceedings would have to be reduced to set speeches, which might be suitable when there are wide questions on which representatives have been given in advance a definite mandate regarding specific resolutions. We do not, however, in these Conferences vote on the questions raised, or commit any of the Governments to definite decisions. The Conference is mainly to exchange views, especially on administrative questions and on methods of keeping in touch with one another during the course of our administrative work. We discussed this question at the Conference held last month, and the Ministers uniformly felt that we have not yet reached the stage of enlarging the scope of the Conference. Indeed, if we did so, the meeting would be of an entirely different nature: it would be a new and distinct Conference. We should still have our own special meetings to discuss our questions of business; and the object of your Committee therefore might be attained by the organisation of an entirely separate Conference on industrial questions.

Most of you know that Conferences of the kind have been held before. A series of such Conferences was held annually in conjunction

with the Indian National Congress, and I had the privilege of reading a paper at the first of these Conferences that took place at Benares in 1905. You are well aware of the subsequent history of this organisation. When we discussed the question at the Conference of Ministers last month, there were expressions of opinion rather in favour of provincial than all-India Conferences of the kind that you have in view. The Conference to be a real Conference should not be unwieldy in size, and it should be so arranged that those who are best qualified to take part in it are not prevented from doing so because of long distances to any one centre. However, this question will be again discussed by the Ministers when they meet in January next. Meanwhile, we propose to publish a substantially full account of the discussions that occurred last month, in order that bodies like those who are interested in the industrial progress and the public generally may have an idea of the lines along which we are trying to move. I should like to say that I attach the very greatest importance to such Conferences of Ministers. The Reformed Constitution gives the Provinces autonomy in certain subjects, including the ordinary methods for the development of industries. The desirable object of giving the Provinces an opportunity of developing along independent lines should be accompanied by some organisation which will ensure more or less uniform national development. For the maintenance of an industry some of the raw materials may have to be derived from different Provinces and most of the principal markets may be obtainable in another. In the development of research work, one province wishes to learn from the experience of another, and so far as possible to prevent overlapping in a way that might be unduly expensive. For any of these reasons the different provinces should endeavour to keep into touch, but the method adopted is one of purely voluntary coöperation based on mutual understanding. We pass no Resolutions binding any Government; each Minister is free to go back with the ideas picked up at the Conference, and, in conjunction with his own Legislative Council, free to work out his provincial problems along the lines that seem most suitable. I should like to see in the same way arrangements made for the Ministers responsible for other transferred subjects to develop mutual understanding whilst retaining freedom of provincial action.

RAILWAY CONFERENCE.

The question of inviting representatives of the Chambers of Commerce to the Railway Conference has not come before me personally so far. I understand that the Conference is arranged by an organised Association, and from what I have seen of it, it is already inconveniently large for free discussion of business. In this case also it will probably be desirable to have an independent Conference for the discussion of questions of common interest to the commercial community and the railway and other transport organisations.

FREIGHT RATES.

The last suggestion made by your President might appropriately come before a mixed Conference of this sort. It does not seem to be practicable to gather together within a reasonable time the representatives of business communities for the purpose of discussing the enormously long schedule of maximum and minimum freight rates. The most that the Government are able to do under existing law is to sanction maximum and minimum limits, and these, as you are aware, are modified locally to suit local circumstances. I have, for instance, seen large numbers of instances of special rates granted by local railways to meet the requirements of local industries. I feel that the whole question will have to be reviewed at an early date; for it is sometimes contrary to the interests of the commercial community as a whole even to give favourable rates for certain local industries. The existing surtax will not be replaced by a new scale of rates except with the knowledge of the Legislative Assembly. The present surtax automatically comes to an end on the 31st March next year, and then, unless the Legislature adopt other measures meanwhile, it will be replaced by the surtax imposed by the Act passed in 1917. Everybody realises that the method then adopted was necessarily crude and unequal in its bearing. This, however, is a relatively small matter so long as the tax is small. With the necessity of increasing the railway earnings to meet the increased charges, especially for labour, and further capital, it will be necessary to increase the rates on those goods that can apparently afford to pay larger amounts. You are aware that the Industrial Commission

called attention to what they thought to be a distribution of freight rates in such a way as to encourage transport to the larger ports with consequent facilities for export and import at the expense of internal industries. This is a question that I am now taking up in greater detail and hope before long to make arrangement for its methodical investigation in consultation with the commercial interests likely to be affected.

After some informal discussion with some of the members of the Committee the Chairman thanked the Hon'ble Sir Thomas Holland for the kind interview granted by him to the Committee and the proceedings of the meeting then terminated.

APPENDIX LXIII.

The Bombay Development Scheme.

(a) **Bombay Development Loan and allotment of contracts.**

T-155.

8th November 1920.

To

The Chairman,

Development Board, Government of Bombay,

BOMBAY.

Sir,

Under instructions from my Committee I beg to put before the Government their views regarding the development of Bombay. In advertising the Bombay Development Loan it is said that the money will be spent in Bombay, for Bombay, and by Bombay. It is this point that has made it so very popular and got subscriptions to the extent of about 10 crores of Rupees in such a short time inspite of the extreme stringency of the money market. My Committee understand that "by Bombay" means by the Bombay Presidency people, and not by the foreign agencies. My Committee will feel obliged if Government will be pleased to assure the public that the interpretation they put on the phrase "by Bombay" is a correct one.

My Committee are given to understand that all the designing of projects under the Development Scheme, including filling in for the Improvement Trust or water supply for the Municipality is being done by Government Engineers, experts being called in by the Government whenever necessary. It is also said that in most of the cases the Government will supply an up-to-date labour-saving plant, such as navvies, or cranes, dredges, railway plants, etc., etc. If this be the case the only function which the contractor will be called upon to discharge will be as the organiser and recruiter of labour and surely this work cannot be done by non-Indians as well as by Indians who know the language and habits of labourers and all other local conditions. It is needless to say that knowledge of local conditions is extremely necessary in the case of a contractor. My Committee beg strongly and emphatically to suggest that even if the cost of Indian contractors is a little bit more, preference should always be given to them as, (1) the resulting profits will remain in this country, and (2) they will prove more successful in dealing with the difficult problems of labour and local conditions. My Committee therefore beg to request the Government to issue instructions to the various public bodies to give definite preference to Indian contractors.

My Committee understand that a new form of tender is intended to be introduced which will guarantee a minimum profit to the contractor who will not have to find any capital nor be liable for any loss but will be entitled to the additional percentage of profit on actual costs of the work. It is incomprehensible why this change is found necessary in this country where the system has always been to have fixed rates. This new scheme is probably based on the assumption that owing to the possibility of labour troubles and of fluctuating prices contractors are reluctant to quote firm estimates for a big work of this nature. My Committee venture to think that these difficulties are anticipated by non-Indian contractors only. At all events an attempt should first be made to secure firm bids and my Committee feel that such will be forthcoming. From the point of view of a public body it is extremely undesirable to render itself liable to large excesses on their estimates owing to the uncertainties of cost plus percentage

basis. Even if it cost more the public bodies should insist on limited liability (fixed prices) and not depend on a contractor's figures of expenditure. A system of asking for tenders from the public on fixed rates should therefore be followed.

The principle of giving preference to Indian industries, even if the products of such industries are inferior in quality and higher in price than imported articles, has been definitely accepted by the Industrial Commission and the Stores Purchase Committee and my Committee want this principle to be applied to the present question.

In conclusion, my Committee beg to suggest that if the Bombay Development Loan is to be rightly used for the real development of Bombay, the Government will be pleased to take these suggestions into favourable consideration in allotting the work themselves or in the allotment of work by public bodies to contractors.

I beg, etc.,

J. K. MEHTA,

Secretary.

No. 798.

DEVELOPMENT DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 19th November 1920.

To

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

Sir,

In reply to your letter No. T-155, dated the 8th (and delivered on the 12th) November 1920, I am directed to say that the allotment of contracts by public bodies is a matter for the public bodies themselves to determine. When calling for tenders for works to be undertaken for

Government in this Department, Government will give all due regard to the arguments advanced in your letter.

I have, etc.,

P. W. MONIE,

Secretary to the Government of Bombay,
Development Department.

T.-215.

1st December 1920.

To

P. W. Monie, Esquire, I.C.S.,

Secretary to the Government of Bombay,

Development Department,

BOMBAY.

Sir,

I am directed to acknowledge receipt of your letter, dated the 19th November 1920, No. 798.

My Committee wish that the same spirit which inspired the whole Bombay Development project should underlie all the schemes which are to be financed by the Bombay Development Loan. Even at the risk of repeating what they said in their previous letter my Committee beg to observe that the public subscriptions to the Loan were largely due to the appeal to their local patriotism which was made by all the propaganda carried on for the loan. My Committee beg to submit that it is incumbent on the Government to see that all these loan proceeds are now used in a manner which is consonant with the spirit of all those appeals. They demur therefore to the statement made in your letter that "the allotment of contracts by public bodies is a matter for the public bodies themselves to determine". These public bodies are provided with funds from the Development Loan and such being the case, the Government have it in their power to enjoin on all the bodies concerned the manner and method in which the funds entrusted to them have to be disbursed. My Committee beg to request you therefore to be pleased to address the public

bodies concerned in this direction. With regard to tenders for works to be undertaken for Government in your Department it is observed that "Government will give all due regard to the arguments advanced" in our letter. My Committee beg to submit that this is not enough and that a definite statement is essentially necessary from the Government regarding the policy they propose to pursue and expect the public bodies to pursue in the matter of giving contracts. My Committee are not aware but would like to be informed of the exact relations of the Development Board with the Improvement Trust, the Port Trust, and the Municipality.

I have, etc.,

J. K. MEHTA,

Secretary.

No. S. A.-278.

DEVELOPMENT DEPARTMENT.

Old Custom House Yard, Fort, Bombay.

Dated the 15th December 1920.

To,

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to reply to your letter No. T. 215, dated the 1st December.

I am to point out that the powers of the local bodies in Bombay in regard to contracts are conferred by the Acts of the Legislature which regulate their operations, and that Government do not consider that there is any reason why they should endeavour to limit the exercise of a discretion vested in the local bodies by law. As regards contracts to be entered into on their own behalf, Government, I am to say, have nothing to add to the statement made in my previous letter.

As regards the last sentence of your letter, I am to say that there is no Development Board. The functions of the Directorate of Development and the Development Department were explained in the speech delivered by His Excellency the Governor in the Legislative Council on the 3rd August last, and it was expressly stated that the Directorate would have no power of interference with existing local bodies other than those which Government already had. The speech has been printed in Part V of the Bombay Government Gazette for the 4th September 1920, at pages 685-691.

I have, etc.,

P. W. MONIE,

Secretary to the Government of Bombay,
Development Department.

T.-381

19th January 1921.

To

The Chief Secretary,

Government of Bombay,

BOMBAY.

Sir,

I am directed by the Committee of this Chamber to send to you herewith copies of the correspondence that has passed between them and the Secretary, Development Department, Government of Bombay, for your information. It will be seen that my Committee want two things principally:— 1. With regard to tenders for works to be undertaken for Government in the Development Department, preference should, as a rule, be given to Indian contractors, even if their cost is a little bit more; and, 2. Instructions should be issued to the public bodies, e.g. Improvement Trust, Port Trust, and Municipality by the Government to give definite preference to Indian contractors.

With regard to 1, all that the Development Department could say in their letter, dated the 19th November 1920, No. 798, was that "When calling for tenders for works to be undertaken for Government in this

Department, Government will give due regard to the arguments advanced in your letter." My Committee did not consider this to be sufficient and in their letter of the 1st December 1920, No. T/215, urged that a definite statement was essentially necessary from the Government regarding the policy they proposed to pursue and expected the public bodies to pursue in the matter of giving contracts. To this the only reply was that Government has nothing to add to the statement made in their previous letter! My Committee fear that the Development Department has not properly realised the gravity of the issues before the Government. The question of the development of Bombay is one of the biggest before the Government of Bombay who will require the co-operation of the people to make it successful. The success of the Bombay Development loan, the first loan issued by the Government of Bombay, was entirely due to the whole-hearted support of the public. This support was forthcoming principally because of the definite promise conveyed in the words "In Bombay, for Bombay, by Bombay" All that my Committee want now is that the Government should issue a statement outlining their policy with regard to the development work and assuring the public that there will be no departure from the assurance originally given to them.

With regard to 2, the Development Department has attempted to meet the contentions of my Committee by pointing out a constitutional issue with which they are not unfamiliar. Even though the powers of the local bodies in Bombay in regard to contracts are conferred by the Acts of the Legislature which regulate their operations, there is no reason why Government cannot issue instructions on the lines suggested by my Committee. My Committee do not think that the Government have always observed in the past this strict punctiliousness with regard to non-interference with the discretion of local bodies.

I have, etc.,

J. K. MEHTA,
Secretary,

No. S. A.—707.

DEVELOPMENT DEPARTMENT.

Old Custom House Yard, Fort, Bombay.

Dated the 15th February 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to reply to your letter No. T-381, dated 19th January 1921, to the Chief Secretary to Government and to inform you that as intimated in my letter No. S. A.—278, dated 15th December 1920, Government do not propose to take the action suggested by your Chamber in regard to local bodies.

2. So far as this Department is concerned, however, I am to assure you that it is the intention of Government that Indian Contractors should have equal opportunities with non-Indian Contractors, and to add that Government recognise as not unreasonable the claim that Indian firms are entitled to special consideration if able to offer equal terms as regards cost and efficiency.

I have, etc.,

P. W. MONIE,

Secretary to the Government of Bombay,

Development Department.

(b) Purchase of Materials by the Development Department.

T-500.

11th February 1921.

To

The Secretary,

Development Department, Government of Bombay,

BOMBAY.

Sir,

My Committee are informed that Specifications for Development Contracts specify that only British Empire produced and manufactured materials are to be used in all contracts.

My Committee also understand that Belgian steel, such as joists are quoted at about 15 to 16 £ per ton c. i. f. Bombay, while British joists of the same specifications are quoted at between 22 to 24 £ per ton c. i. f. Bombay.

My Committee therefore beg to urge that Indian revenues or capital should not be thus penalised and definite instructions should be issued early that whenever indigenous goods (made in India) are not available and necessary materials have to be imported these should be imported from the cheapest market in the world. In this connection my Committee desire me to draw your attention to the fact that the Government of India have not yet adopted the policy of Imperial preference. In reply to the representation of my Committee to them regarding the question of export duty on hides and skins and restrictions on the import of dye-stuffs they were pleased to observe in their communication No. 7907, dated the 29th September 1919, that the measure was introduced without reference to any general scheme of Imperial preference.

Your Government must also be aware that a Committee was appointed by the Government of India in the winter Sessions of the Imperial Council in 1920 consisting of members of the Imperial Council to consider the question, more or less from a statistical aspect, of Imperial preference. This Committee in their Report recommended that "fiscal questions were specifically excluded from the purview of the Indian Industrial Commission and it seems to us desirable that the enquiries of that Commission should now be followed by the appointment, at the earliest convenience of an equally strong and representative Commission to examine the whole question of the future fiscal policy of India. All this means, my Committee believe, that the Government of India are not yet committed to the policy of Imperial preference. My Committee venture to observe that it may not be deemed advisable to adopt the policy of Imperial preference as long as the Government of India maintain a neutral attitude to the same. My Committee beg also to draw your attention to the Report of the Stores Purchase Committee; on page 56, Chapter VIII, they have stated "we consider that the general principle which should govern the purchase of

imported Stores is that advantage should be taken of the cheapest market in which suitable articles can be obtained, due consideration being given to cases of urgency or special advantages."

This is a serious matter involving large amounts and my Committee will feel obliged if an early reply to this representation is given.

I beg, etc.,
J. K. MEHTA.
Secretary.

No. S. B.—731.

DEVELOPMENT DEPARTMENT.

Old Custom House Yard, Fort, Bombay.

Dated the 16th February 1921.

To

The Secretary,
The Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

With reference to your letter No. T.-500, dated the 11th February 1921, I am directed to state that apparently you refer to clause 15 of the specification in the Colaba Contract, and to inform you that it is not intended to insert that stipulation in future contract forms. I am to add for your information that Government approved on the 14th February the Director of Development's proposal that none of the tenders for that contract should be accepted and that the work should be carried out departmentally.

I have, etc.,
P. W. MONIE,
Secretary to the Government of Bombay,
Development Department.

(c) Purchase of Cement by the Development Department

T-735.

11th April 1921.

To

The Secretary,

The Development Department, Government of Bombay,

BOMBAY.

Sir,

I am directed to draw your attention to tenders for the supply of cement which are advertised by your Department. The present output of factories manufacturing cement in this country is only about 120,000 tons, all naturally earmarked, sold forward and therefore it is feared that the whole of this tender quota will have to be filled in with foreign cement. From December 1921 onwards, however, the Indian output is expected to be about six times the present production and it will, therefore, be possible to supply all requirements with local cement; as a matter of fact one new factory is expected to start producing by October at the latest.

The price at present of foreign cement is about Rs. 150 per ton delivered Bombay while Indian manufacturers can deliver the same at Rs. 100 per ton which will give them 100 % profit. My Committee beg, therefore, to request the Development Department to arrange for purchases for their requirements for not more than six months as there is every possibility of a large supply of Indian cement in near future. Purchases of Indian Cement will mean economy and encouragement of an Indian Industry.

I beg, etc,

J. K. MEHTA.

Secretary.

No. S. B.—2813.

DEVELOPMENT DEPARTMENT.

Old Custom House Yard, Fort, Bombay.

Dated the 6th July 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau.

Sir,

With reference to your letter no. T-735, dated 11th April 1921, and subsequent reminder, suggesting that the purchase of cement required by the Development Directorate be limited to 'six months' requirements, I am directed to state that no cement other than Indian cement has been ordered for delivery after October 1921, and that it is hoped that after that the Indian market will be in a position to supply all the cement required by the Development Directorate.

I have, etc.,

P. W. MONIE,

Secretary to Government.

(d) **Erection of Public Buildings on the Reclamation.**

No. S. A.—1422.

DEVELOPMENT DEPARTMENT.

Old Custom House Yard, Fort, Bombay

Dated the 8th April 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau.

Sir,

In connection with the preparation of a lay out of the area which is at present being reclaimed on the Back Bay, I am directed to request that you will be so good as to furnish Government at an early date with any

suggestions which your Chamber may wish to make in regard to the erection of public buildings on the reclamation. I am to say that what Government primarily desire at present is to be informed of proposals for public buildings which are of sufficient importance to be considered in designing the general lay out of the area, and that they are not at present ready to discuss the terms on which sites for public buildings will be allotted or to determine what proportion of the total area can be reserved for public buildings, recreation grounds, etc. A copy of a plan showing a suggested lay out of the area is forwarded herewith. This is purely provisional, and has not been accepted by Government. It is sent merely in order to assist your Chamber in making its suggestions.

I have, etc.,

P. W. MONIE,

Secretary to the Government of Bombay,
Development Department.

T-959.

10th June 1921.

To

P. W. Monie, Esq., C. G. S., I. C. S.,

Secretary to the Government of Bombay,

Development Department,

BOMBAY.

Sir,

With reference to your letter of the 8th April 1921, No. S. A.-1422, I am directed to state hereby the views of my Committee.

The Committee feel that it is rather premature at present to consider the question of erecting public buildings on the reclamation. They have grave doubts as to the utility of reclaiming land from the sea and consider that this scheme should not have any priority to the other schemes before the Department. This scheme of reclamation threatens to be of a stupendous character and the Development Department may well consider if

it is worth going in for it when land of an immense area is lying waste and uncultivated.

I beg, etc.,
J. K. MEHTA,
Secretary.

(e) The Constitution of the Development Department.

T-979.

14th June 1921.

To

P. W. Monie, C. G. S., I. C. S.,
Secretary to the Government of Bombay,
Development Department,
BOMBAY.

Sir,

I am directed by my Committee to say that they are not satisfied with the constitution of the Development Board which, as constituted at present, is merely an advisory body and has no controlling voice in the affairs of the Department. My Committee believe that the Board to be useful must be invested with controlling powers also.

The Development Department, my Committee understand, is treated as a reserved subject. My Committee fail to understand the reasons which led the Government to this decision. Anyhow they strongly suggest that the Department should not be considered as a reserved subject but as a transferred subject and be in charge of the Minister who is in charge of the Public Works portfolio. My Committee hope in conclusion that the suggestions made by them here will receive favourable consideration from the Government.

I beg, etc.,
J. K. MEHTA,
Secretary.

No. S. A. 2781.

DEVELOPMENT DEPARTMENT.

Old Custom House Yard, Fort, Bombay.

Dated the 4th July 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau.

Sir,

With reference to your letter No. T-979, dated the 14th June 1921, I am directed to inform you that the Bombay Development Scheme is being carried out by the Directorate of Development working under the control of Government in the Development Department.

2. Government, in accordance with their statement to the Legislative Council, are glad to avail themselves of the advice of an Advisory Committee in this matter, but they regret they cannot agree to hand over to the Advisory Committee (there is no Development Board) or any similar Committee the control of the Government funds being expended on the Development Scheme, or the executive authority in regard to the scheme which is now exercised by Government themselves or by the Directorate of Development acting under their control.

3. As regards the question raised in the latter part of your letter, I am to refer you to the discussion that took place in the Legislative Council on a Resolution on the subject moved by Dewan Bahadur Godbole and the speech of the Hon'ble Member in charge of the Development Department in the course of that discussion. It was then made clear that the Development Scheme was not a transferred subject and Dewan Bahadur Godbole ultimately withdrew his resolution.

I have, etc.,

P. W. MONIE.

Secretary to Government.

**(f) Requisition to call a public meeting in connection
with the Bombay Development Scheme.**

T-1064.

6th July 1921.

To ,

The Secretary to the Government of Bombay,
Development Department,
BOMBAY.

Sir,

In continuation of our letter No. T-959, dated 10th June 1921, and in reply to your letter No. S. A.-2781, dated 4th July 1921, I am directed by my Committee to inform you that considerable feeling exists against the Back Bay Reclamation Scheme in the minds of many of our members, and that a requisition very influentially signed has been received by my Committee calling upon them to hold a public meeting to condemn the same. Before, however, complying with the request contained therein my Committee would like to have—

- (1) Government's considered, full and final views as to why the Development Department should not be made a transferred subject under the control of a Minister, the present Advisory Board being replaced by a statutory Administrative body containing an Indian majority.
- (2) Figures of capital outlay, ways and means, total area to be reclaimed, cost per square yard, possible realisations, date of completion and any other financial figures which you may desire to send them.

I am to request you to favour my Committee with an early reply to enable them to deal with the requisition.

I beg, etc.,

J. K. MEHTA.

Secretary.

No. S. A.-2975.

DEVELOPMENT DEPARTMENT.

Old Custom House Yard, Fort, Bombay.

Dated the 18th July 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau.

Sir,

I have the honour to reply to your letter No. T-1064, dated the 6th of July 1921:

1. It may be desirable in the first place to give a general idea of the Bombay Development Scheme in order that a proper conception regarding it may be formed and certain misapprehensions about it may be removed.

2. The Bombay Development Scheme, in its widest sense, represents concerted attempts by the three local bodies, the Municipality, the City Improvement Trust and the Port Trust—each working in its own sphere—and by the Government, to secure the rapid and adequate development of the city.

3. In March 1920, when the general scheme was laid before the Government of India, an estimate was prepared of the *total* amounts of capital required by Government, and by the local bodies, during the first five years. This estimate amounted to 30 crores of rupees, and it was expressly stated that it included no provision for large new schemes of the Port Trust. Of this 30 crores, 16.85 crores were estimated as required by the three local bodies and 13.15 crores for Government schemes. Of the money borrowed last year, 519½ lakhs were transferred in the autumn to the three local bodies, and approximately 419½ lakhs were retained by Government for their own schemes. The whole of the money being borrowed this year from the Government of India for development purposes is to meet the demands of public bodies. The estimate of 30 crores required for expenditure during the next five years has been

recently revised to 37 crores. In arriving at this increase, the estimate of the Municipality's requirements has been raised by 50 lakhs of rupees and of the Port Trust's requirements by 6½ crores of rupees, their large schemes being now included. The estimate of the requirements of Government's own schemes has not been increased.

MUNICIPALITY.

4. The Municipality is developing various areas in the city which will result in providing increased residential and business accommodation. The Mahim Scheme will provide two main avenues running north to south, in addition to the 60 feet road from Worli to Mahim Bazar, now practically completed, and a large number of cross roads. It aims at the development of an area in which it may be possible to house, approximately, a population of 250,000. Provision has been made for a central park with a frontage on the Bay and for a smaller park near the southern end of the area. The main contribution of the Municipality, however, towards the general development scheme lies in the great water and drainage projects which it is undertaking, and which are essential for the health and well-being of the city.

IMPROVEMENT TRUST.

5. The Improvement Trust is developing the north of the Island on a large scale and at a rapid pace, completing their old schemes, Dadar-Matunga and Sion-Matunga, and pressing on with their new schemes. Of the latter, the Worli Scheme will provide for three classes of people; the richer class on the sea-face, the middle class on the main road, and very large areas for the working classes on the land which is now being reclaimed in the neighbourhood of the mills. At Dharavi, the land now occupied by the tanneries and the swamps to the south will be converted into a salubrious garden suburb, including a large amount of accommodation for the working classes. The Sewri-Wadalla Scheme is intended almost entirely for the working and lower middle classes, and the area included in it will, when the contemplated railway connections are made, be within easy access by rail from Victoria Terminus.

PORT TRUST.

6. The Port Trust is completing the preparation of a scheme for a great expansion of the docks, the new docks to be located on the south-west corner of Trombay. The construction of the new cotton depot on the Mazgaon-Sewri reclamation is being pushed on as rapidly as possible.

GOVERNMENT.

7. The works which Government directly propose to carry out are as follows:—

- (a) The provision of at least 50,000 one room tenements.
- (b) The Back Bay and East Colaba Reclamation to reduce congestion in the business area and provide residential accommodation and open spaces in the south of the City.
- (c) The development of South Salsette, including Trombay, partly for residential and partly for industrial purposes.
- (d) The provision of other industrial areas at greater distances.
- (e) The improvement of communications to the suburban areas.
- (f) The improvement of the supply and transport of building materials.

8. It is a misapprehension to suppose that the Back Bay Reclamation constitutes the main part, or even the most important part, of the whole scheme of development undertaken by Government. Out of the total sum of 1,315 lakhs which was estimated in March 1920 as likely to be required for Government schemes during the following five years, only 300 lakhs were assigned to the Back Bay Reclamation, and 1,015 lakhs to other schemes, including industrial housing. Out of the total expenditure then contemplated by Government and the local bodies together, 2,700 lakhs were to be spent on other schemes of development as against 300 lakhs on Back Bay.

For the current year a revised estimate of the Development Department's expenditure has recently been prepared, amounting to Rs. 325 lakhs. Out of this, Rs. 139.42 lakhs are provided for the Reclamation

scheme, including expenditure on plant, on the dredger and intermediate pumping station amounting to Rs. 94.50 lakhs. The amount provided for expenditure on Back Bay, excluding this initial expenditure on plant, is less than is provided for industrial housing, and much less than is provided for suburban development.

9. It is equally a misapprehension to think that the Reclamation Scheme is being given priority or is being pushed through to the neglect of the other schemes. Government are quite alive to the great importance and urgency of the housing schemes and everything is being done to expedite them as much as possible. The Reclamation Scheme has not interfered, and will not be allowed to interfere, with the rate of progress of the other schemes. The industrial housing and suburban schemes will have progressed considerably in a few years, and are expected to achieve much in the way of relieving some aspects of the congestion before any of the land in Back Bay becomes available.

10. I am now to refer to the financial aspect of the Back Bay Reclamation Scheme. Detailed figures have recently been prepared regarding the cost of the Scheme, including roads, drains, and lighting. From these figures, Government are satisfied that by June 1929, when it is anticipated that developed land will be ready to be placed on the market, the total outlay including interest throughout at the rate of 7 per cent. will not exceed at the most Rs. 850 lakhs. The total area to be reclaimed being 1,145 acres or 55.42 lakhs of square yards, the cost per square yard when land is ready to be put on the market will be less than Rs. 15½. Government propose to sell 265 acres at the southern end of the Reclamation to the Government of India for military purposes as part of a Scheme under which the military will vacate the land they now hold in and near the Fort, and concentrate at Colaba. The price agreed upon for the land, subject to the sanction of the Secretary of State, is Rs. 20 per square yard. The land is to be handed over undeveloped, without expenditure on roads. It is anticipated that this land will be handed over and payment received (Rs. 256½ lakhs approximately) in June 1927.

After this land has been disposed of, there will remain about 880 acres. A first preliminary layout plan has been prepared by Mr. Davidge, Consulting Town Planner, copies of which are now being printed for sale. Mr. Davidge has allowed in all 239 acres for roads and drives and 187 acres for open spaces. Government have not in any way committed themselves to this plan, which makes no pretence whatever to be final. Accepting Mr. Davidge's figures for the present merely by way of illustration, out of the 880 acres, there will be 641 acres (31.02 lakhs of square yards) for disposal, if the proposed open spaces are not provided, and 454 acres (21.97 lakhs of square yards), if they are provided in full as proposed by Mr. Davidge.

This area will have cost by June 1929, if the payment to be made by the Government of India is taken in round figures at Rs. 250 lakhs, a sum of Rs. 850 less Rs. 250 lakhs or 600 lakhs of rupees. If the whole 641 acres are to be disposed of, the cost in June 1929 will be Rs. 19½ per square yard approximately. If in the interest of public health and convenience, 187 acres are reserved for open spaces, and only 454 acres are to be disposed of, the cost per square yard will be raised to almost Rs. 28.

11. I am to add that Government do not anticipate having to borrow from the public for any long period more than Rs. 4 crores in all for this particular scheme, and of this sum approximately Rs. 2 crores may be taken as having been borrowed already in 1920. Government may possibly wish to raise relatively small sums for a period of a few years only, about 1927 to 1929, if these cannot conveniently be advanced temporarily from balance then at their disposal. Apart from this Government expect to be able to finance the Scheme by borrowing from the public within the limit already stated and by recoveries from the sale of land, including the sale referred to above to the Government of India.

12. The second enquiry made in your letter under reply is sufficiently answered by what has been stated above. As regards the first enquiry I am to refer you to my letter No. S. A.-2781, dated the 4th July 1921. A copy of the official report containing the Council proceedings therein referred to is sent herewith. I am further to observe that as the regular

lations stand at present, it is beyond the powers of this Government to make Development a transferred subject, even assuming that it might be desirable to do so.

13. I am to express the hope that the information given in this letter regarding the various development projects and particularly the Reclamation project, will help to dispel the apprehensions entertained in various quarters about the matter. If your Committee is desirous of asking for further information or of placing before Government their views, His Excellency the Governor and the Honourable Member in charge will be glad to receive your Committee on a day to be arranged.

I have, etc.,

P. W. MONIE,

Secretary to Government,

T.-1122.

20th July 1921.

To

The Secretary to the Government of Bombay,

Development Department,

BOMBAY.

Sir,

I am directed to acknowledge receipt of your letter No. S. A.-2975, dated the 18th instant.

My Committee are considering the figures given in this letter and will be obliged if details referred to in paragraph 10 of the letter regarding the cost of the scheme, including roads, drains and lighting will be supplied to them at an early date. In the meanwhile they are not taking any action on the requisition sent to them. My Committee are much obliged to His Excellency the Governor for being pleased to offer to see them in case of their requiring further explanation. After they have gone into all the details supplied and to be supplied by the Government they will feel honoured to see His Excellency and the Honourable Member in charge for a personal interview.

I beg, etc.,

J. K. MEHTA,

Secretary.

T-1158.

27th July 1921.

To

P. W. Monie, Esquire, I. C. S.,

Secretary to the Government of Bombay,

Development Department,

BOMBAY.

Sir,

With reference to your letter of the 18th instant, No. S. A-2975, and in continuation of my letter of the 20th instant, No. T-1122, I am directed to inform you that your letter was considered at a meeting of the Committee. It has assisted in allaying certain apprehensions of my Committee. They would feel honoured if His Excellency the Governor and the Honourable Member-in-charge would arrange on a suitable date convenient to His Excellency to meet them at a round-table conference and to discuss the different points given herein.

- (a) Further information regarding figures of major heads by which the total of Rs. 8 crores and fifty lacs is reached.
- (b) Causes which are responsible for the original estimate of Rs. 4 crores given by the Honourable Sir Chimanlal Setalvad having increased to Rs. 8 crores and fifty lacs.
- (c) Grounds in details on which in the opinion of the Government the Development cannot be made a transferred subject.
- (d) Reasons for not having a governing body for the Development Department instead of the present Advisory Committee,
- (e) Whether the Government can give assurance that there is no conflict of engineering opinion with regard to the Back Bay Reclamation Scheme; and
- (h) Any other points that His Excellency wishes to deal with to secure fullest co-operation.

I beg, etc.,

J. K. MEHTA,

Secretary.

No. S. A.-3121.

DEVELOPMENT DEPARTMENT.

Old Custom House Yard, Fort, Bombay.

Dated the 28th July 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau.

Sir,

In reply to your letter No. T-1122, dated the 20th July 1921, I am directed to say that there are certain difficulties in the way of giving the full amount of detailed information asked for at the present moment, difficulties which when explained Government are sure will be appreciated by your Committee. This matter will be fully dealt with when His Excellency and the Honourable Member will meet the Committee in a few days.

2. I am to add that your letter of the 27th July 1921 is under the consideration of Government.

I have, etc.,

P. W. MONIE,

Secretary to Government.

(g) **Committee's Interview with His Excellency the
Governor of Bombay.**

His Excellency the Governor and the Honourable Member in-charge of the Development Department met the Committee of the Chamber at the Secretariat on Tuesday, the 9th August 1921, to discuss the various questions relating to the Bombay Development Scheme. Mr. Lalji Naranji, the Chairman of the Chamber, made the following speech:—
Your Excellency,

I have to thank Your Excellency on behalf of the Committee of this Chamber for the trouble you have taken in coming over specially from Poona to meet them to explain the situation with regard to the Develop-

ment Schemes in general, and the Back Bay Reclamation Scheme in particular. Your Excellency were pleased to grant me an interview on this very question last Saturday and to give important facts relating to the question. The letter from the Development Department has also adduced relevant statistics and I was authorised by Your Excellency to show to my colleagues on the Committee all the facts of which I had knowledge in my capacity as member of the Advisory Committee to the Development Department. After a study of all these figures my Committee have come to the conclusion that it will not be necessary to convene a public meeting on the score of the Back Bay Reclamation Scheme. They will be greatly obliged, however, if they are supplied with detailed figures which have recently been prepared (Vide para. 10 of the letter from the Development Department) regarding the cost of the Scheme including roads, drains and lighting.

My Committee, however, are grievously disappointed to find that it is not proposed to take any steps for the present to make Development a transferred subject. Even though it may be beyond the powers of Your Excellency's Government to make this highly desirable change, Your Excellency's Government can respond to the public wishes in this matter by moving the higher authorities to have the change effected. Looking to the readiness on the part of Your Excellency's Government to respond to the public opinion, my Committee are sure that there will be no difficulty in getting this done.

My Committee also wish for an emphatic declaration from Your Excellency that the present Advisory Committee will be given such additional powers as to constitute it a Board of Trustees. The form in which the Advisory Committee is constituted at present is entirely unsuited to the present times as they have no powers of control. Your Excellency will agree with my Committee when they say that it is or should be the first tenet of every democratic Government that the executive should be under the proper control of representatives of the people. It is on these reasons that my Committee earnestly urge for wider extension of the powers of the Advisory Committee.

My Committee will also like to draw Your Excellency's attention to the desirability of greater employment of Indians in all the schemes of the Development Department, and to the necessity for purchases of the required stores as far as possible in India and in the cheapest foreign market if such stores are not available in this country.

In conclusion, I again beg to thank Your Excellency and the Honorable Sir Chimanlal Setalvad, for the trouble taken in coming over here.

SPEECH OF H. E. THE GOVERNOR.

Mr. Lalji Narandas and Gentlemen,

I welcome this opportunity of meeting you here to-day and of discussing those questions in connection with the development of Bombay on which you have expressed for some time past a desire for closer information.

I must thank you, Mr. Chairman, for the letter you have just read and I am very glad to hear that the information already given to your Chamber has largely allayed any apprehension felt lest this scheme should be a failure, and I am confident that the more you know, the more you will share my confidence in the enterprises we have undertaken for the safeguarding of the trade of this great port and for the social amelioration of the workers in this ever-growing city. Please remember that these two have been throughout the objectives which we have had in mind in the prosecution of these great undertakings. I may here mention that the specific information asked for in your letter under the heads (a) and (b) will be supplied to you to-day by letter, and that asked for under the headings (c), (d) and (e) I will deal with during the course of my remarks this morning.

And now gentlemen, if I am to give you my mind on this question I fear I must occupy your attention for some considerable time this morning, but I think it is your desire that I should deal with the subject fairly fully. In the first place I want to take your minds back a little. You must

remember that it is upon the specific request of the citizens of Bombay that my Government is dealing with these questions. In spite of the fact, that there were already in existence three agencies for city improvement, namely, the Municipality, the Improvement Trust and the Port Trust, I was immediately upon my landing asked to deal with this question as an urgent matter. In every phase, therefore, of difficulty and responsibility for the launching of these great schemes, I have felt and feel unshaken confidence in the support of the public of Bombay, and this confidence has been justified not only by the splendid support of Bombay to the loan issue, but by the unanimous vote of the Legislative Council of this Presidency to the formulated schemes.

I may add that the attitude your Chamber has recently taken in no way shakes my belief in the support of the public—or in your support either. On this I have no doubts for I feel confident that the vast majority of your members are simply here with a view to making sure that these schemes are safe and good, that no money is being wasted, and it is in that spirit and in that belief that I am going to reply to your questions.

Now what you have been most anxious about is the Back Bay Scheme. I thought very long before I undertook this scheme. And why? Anyone who was a charlatan or who merely wanted to win public applause would probably have fought shy of undertaking the Back Bay scheme because it is of all the schemes with which we are dealing the scheme which has most the elements of misunderstanding and misrepresentation. The long history of Back Bay failures in the past; the fallacious argument, but still the argument, that the scheme only benefits the richer classes; the temporary discomforts and dislocations of habit which such a scheme entails; all these naturally were present to our minds in considering whether the scheme should be undertaken. But the more my colleagues and I examined the scheme the more convinced were we in the soundness of the project itself, of its essentiality to the future of Bombay trade, and to its necessity for the solution of the housing problem as a whole. I believe that if we are really to cure the great evils of congestion, then we have got to face and undertake the Back Bay Scheme, and

I propose to draw your attention to a few arguments in support of that belief.

The critics of the Back Bay Scheme have characterised the project as unnecessary, impracticable and financially unsound. As some of those, however, have in the same breath complained that they have no information it would not be fair to take these criticisms to heart too much. I desire however to dispose of all such apprehensions, however arrived at.

What, then, is our reply to those who say the Back Bay scheme is unnecessary? I said to you just now that any Government honestly trying to remedy the conditions of the workers in this city must undertake the Back Bay scheme. I think I may safely presume that no one will deny that the city is growing and likely to increase rapidly in growth, that business congestion exists and unless more provision is made is likely to get worse. One of the arguments adduced against the necessity of Back Bay reclamation is that the business population could and should live in Salsette and in the north of the island and come in and out to work to the heart of the city. Well, gentlemen, I need scarcely say that we have examined that proposal carefully and from every point of view and we are convinced that that idea will provide only a very partial cure for the trouble. It is alleged in this respect that when the railways are electrified we may be able here in Bombay to reproduce very much the same situation as we have in the city of London, which is almost deserted by night and full with people during the day; that here in Bombay the Fort might more and more become merely a place for business offices, and the working population of business men, clerks and other employees might be hauled in and out of Bombay to Salsette or to the north of the island and live there instead of in the city. Now that is a very attractive prospect and, as I have said, Government have of course examined the possibilities of it very carefully. I will not say that it is entirely impracticable. It is our earnest hope to tempt people to live further out. But can we rely upon that to satisfy the needs of the trade of Bombay and the housing of its people? The answer is clearly in the negative. People are apt to place too great an importance and reliance upon the effect of the electrification of the

railways here. Once the railways are electrified—and we are using every pressure to get this done for the provision of terminal facilities at the earliest possible moment—some assistance will be given, but in what degree? Comparatively little. You will, if you will examine the traction problems of suburban traffic, find that there is little analogy between the great urban distribution which takes place in, for instance, London or Long Island in New York. If you are going to take out practically the whole clerical and business population from the Fort you will have to take them out a very considerable distance. It is twelve miles to Bandra alone, and we have got to take people out to Salsette. You will find that in the suburban distribution of traffic like in London or New York the range at which these railways distribute what are known as the daily bread earners is a very short radius indeed. If we are going to take them out to Salsette we could not deal with them for many many years to come, and it would not be possible to haul them out at a cheap enough rate to make them willing to live there without some considerable enhancement of their wages—and the laying therefor upon the trade of Bombay a heavy standing charge. The hope that you could deal fully with the problem in that manner is not realisable, though in a small degree we shall relieve the pressure upon urban Bombay by increased facilities in suburban traction. My point is that you cannot possibly rely upon that for the enormous trade of Bombay in anything like the near future. Now, gentlemen, if that is true, I have one more thing to say; we have got to cut, in supplement to the railways, broad avenues of roads longitudinally through the island. You are aware of the paucity of great trunk roads in this island. On the west side of the island when I came there was only one very rough twisted and narrow road. The miserable paucity of trunk roads for the service of so great a city is one of the most striking things to the eye of a new-comer to Bombay. There was on the other side the eastern avenue, and broadly speaking those two are still practically the only means of egress and ingress into Bombay. And even those roads do not lead down as great trunk roads should right and directly into the very heart of the city. So we shall have to cut eventually important roadways through the heart of the city to lead

right up to the Fort, and in order to effect this the destruction of existing business quarters will certainly one day be necessary.

Now, gentlemen, we have got to build before we can destroy. When those business quarters have to be destroyed, where are the business facilities they offer to be replaced? No one can give me an answer without Back Bay. It is impossible. You will not in any great city in the world move the heart of a business centre any great distance; you may tempt it to move by half a street in one direction or another but little more; everything centres round the stock exchange, the financial quarter and so on, and here as in the city of London business goodwill, interest and habit render big movement impossible. If that is the case—and it is indisputably the case—where in the Fort, in proximity to the business centre, are you going to replace business quarters destroyed, or provide for the expansion of Bombay trade at reasonable cost. I repeat the trade of Bombay and the growth of the city is not going to standstill; it is my duty to do everything to encourage its expansion. What alternative from the business point of view is there to provide large areas of new and cheap land for such purposes? Remember, too, in conclusion that Bombay's mercantile growth is due not only to the ability and energy of its citizens but to the fact that it has been the cheapest port in the East. Its future largely depends upon business being able to be carried on cheaply, and for this purpose offices and housing in the business quarter, not at fancy rents but at low rents, is essential to the wealth and prosperity of the city.

I now come to the question of schools and colleges, a matter of great importance to the business of the city as well as to the repute of the Presidency as a whole. My colleagues and I have considered the desirability and feasibility of persuading the schools and colleges to move out into Salsette, to be grouped together there where greater space was available and where concentration would provide the advantages of a University atmosphere. But the difficulties are really insurmountable and the colleges and schools would almost certainly be unwilling. Much as there is to be said on both sides the consensus of opinion is that the schools and colleges must stay in Bombay. Therefore, gentlemen,

I must ask you another question. Where are you going to find open spaces and fresh air for playgrounds for the ever-growing youth of this city outside the Reclamation Scheme? Even to-day we cannot provide sufficient. What of to-morrow? I cannot tell you how important I think this question to be. When I give you the figures of the Back Bay Scheme, which I will do shortly, you will appreciate what a tremendous proportion of the total area we have reserved for open spaces thereby heightening the cost of our scheme. We believe that in a great city like Bombay it is vitally important that there should be open air spaces and playgrounds for the youth of the city. You cannot transport a large number of boys and youths out any distance. Where in the heart of the city are you going to find space to provide not only for the present but for the future youths of the city? Let me tell you that many Indian schools have no playgrounds of their own to-day, and that one of the largest mixed schools, the Cathedral High School, has got none at all. I ask you to tell me where, outside of the newly reclaimed area, you are going to find open spaces for the schools and colleges. I think it is difficult to answer.

Now, gentlemen, I come to an even more important point in regard to existing rents. To-day we have a Rent Act, but how long do you think that Government is going to keep on the Rent Act, and what would occur as regards office rents and rents generally, if Government felt compelled to remove that Act? The answer is quite clear. The result would be that office rents would go up rapidly and that another heavy charge would be laid upon industry in Bombay. Now you must remember that these war measures cannot be maintained indefinitely. It is desirable that as soon as possible after a great war restriction of this kind and Government control, essential as it is in time of war, should, as far as possible, be removed. We have seen what happened in regard to the exchange question. There are many people who thought, and I think rightly thought, that the sooner exchange was left alone the better for trade and industry as a whole even if the temporary effect was bad. I believe that all these forms of Government control of industry and trade are better removed as soon as is possible for the benefit of trade itself. Well, gentlemen, I am looking as is my

bounden duty to the safeguarding of the trade of Bombay. I know something about business and I know that high standing charges upon business are a very serious impediment to trade and industry. The wealth of a city or port is not made up of a few great merchants but out of the largest number of small traders and the greatest variety of trade interests, for it is that number and variety which gives stability to its trade. My Government have no immediate intention to abolish the Rent Act in its entirety until conditions permit it without causing grave hardship, but we are bound to look to the future and to the proximate effect of that repeal. I put it to you as business man that you should do so too.

There is yet another potential charge upon industry, namely, the health of the employees. And there are already signs that a certain amount of trade which would have stayed in Bombay has been driven out elsewhere on account of congestion, bad conditions and high rents. Well gentlemen, if you can show me that by leaving things alone, in the face of an ever increasing population and an increasing trade, you are going to get anything but much higher rents in the future I shall be very much interested and deeply surprised. I say that there is no possible alternative but to supply in the heart of your city new land where business may flourish and at reasonable rates. I could go on for sometime with many more illustrations which I venture to think are absolutely unchallengeable, but I think that what I have said must suffice. I must add one more remark only in this connection. There seems an idea that you can provide housing, for the population of a city in water-tight compartments—that a housing scheme for manual workers profits only that class or that a housing scheme for business quarters profits only the business class. A moment's reflection will show the error of that belief. All populations are fluid and relief given in one part is indirect relief given to all. It has been further suggested that our Back Bay efforts may delay or in some measure hamper other housing schemes. There is not a word of truth in this. The abandonment of the Back Bay project would not hasten by one day the completion of other schemes, its prosecution will not delay them by one hour. The progress of the other schemes depends almost

entirely upon the provision of available and made land. Every single piece of land available and suitable for our schemes is being built upon now as rapidly as possible.

Now I come to the question of practicability. It has been alleged that the scheme is unnecessary. I have given you some arguments as to why we think it not only necessary but essential. It is then alleged as impracticable. I have a few words to say on that question. This is an argument I cannot deal with with quite the same respect as I could the other. You have some of you heard about the Heptanesia or the seven Islands. If there is one city in the whole world where we can embark upon reclamation with confidence it is surely Bombay. And indeed, gentlemen, this Back Bay Scheme is no new venture. We have got as I have said reclamation all round, and of those reclamations I think I may say without fear of contradiction that this is the simplest from an engineering point of view of them all. No one I presume denies the importance to Bombay of the Sewri Reclamation Scheme. Did anybody call that a wild cut scheme? I was not here, but did anyone say it was impracticable? I do not know. But why, if Sewri, a far more difficult scheme than Back Bay, has been accomplished satisfactorily, why should Back Bay be impracticable which is a far simpler proposition? I should like an answer. It cannot be given. Has Sewri reclamation shown wild estimates, huge increases of cost, or has it worked out almost exactly as the engineers anticipated? Is there any reason to think that the Back Bay estimates will be so immensely exceeded? Let me not deal in prophesy but face facts. I can give you figures about Sewri very roughly. The work was started I am informed by the Port Trust in 1909 and in 1912 the design was settled and the estimate then prepared showed that the reclamation would cost Rs. 47 per yard. The actual cost of the work completed or practically is within 5 annas of the figure estimated. Now when I tell you that Sewri is a floating reclamation and that we have hard rock for the most part in Back Bay I think you will see that the arguments that it is an impracticable scheme are absurd. And when it comes to the cost of pumping, in the Sewri Scheme the original estimate was Rs. 2 per brass but the actual cost only

Rs. 1-4 per brass. There has been no conflict of technical opinion in regard to Back Bay, indeed, there has been the opposite a consensus of opinion—and it is rare indeed for experts to agree—and in such circumstances and with the accomplished success of reclamation before our very eyes in our own city, I think that any wise businessmen so amply supported by engineering opinion would waive aside any vague apprehensions in regard to the project. I may add that this scheme is going to be executed on exactly the same lines and by exactly the same machinery as the Sewri Reclamation Scheme, and I cannot see why one scheme should be a failure and the other scheme a success. I think that is an immensely strong argument and you could go on to many another. I venture to say that the Back Bay Scheme is a far safer piece of business than many of the solid businesses that are undertaken in Bombay City.

I now come to the criticism that it is financially unsound. I believe we have already supplied your committee with information which has very largely allayed most of your apprehensions on this score, but I here want to tell you that I welcome your criticism and your suggestions in the matter. For although I have placed the larger burden of the work upon the shoulders of the honourable colleague who sits on my side I suppose that as Governor of this Presidency I have to and gladly do take the main responsibility for the schemes from first to last. Do you think if you could show me a faulty patch, or an insecure statistic in the schemes that I should not gladly welcome the information and hasten to remedy the defect. I do not want failure; I desire only that these schemes should be complete in their success. So that fair criticism and helpful suggestion on these matters I warmly welcome so that the good of the people and the welfare of the city be reaped by those that follow me. Now we have consulted the best experts that we can get hold of. Of course, you may argue that these experts are wrong, but it is not I think of any use, so to do. My experience, and I believe it is the experience of every experienced man, is that when you want to know what to do you should seek out the most competent men, pay for the very best advice and stand by their advice. Having done so allow in your estimates largely for human

frailty and for expert mistakes and then I think you are on solid ground. Let me illustrate my point. When you are sick you go to the very best Doctor, no matter what the cost may be. If you do not get the advice you like you may go to another specialist, but you are no better off, for even then you have to decide yourself on which specialist's advice to take and you yourself with no knowledge of medicine have to choose the course to follow. I believe that the sound method is to pay for the best advice you can get, to allow largely for all possible mistakes, and to proceed. That is the principle we have adopted and that is the principle we are going to follow. Now, gentlemen, what are the facts which lead our critics to dub this scheme as financially unsound? I do not think they have any. We on the other hand have figures very carefully worked out which lead us to exactly the opposite conclusion. What are the facts? There are 1,145 acres of which the estimated reclaimed cost is 8.50 crores, or rupees 15 per yard. Of that we have sold 265 acres for 2.50 crores. That leaves us with 880 acres which cost us 6 crores. We then deduct no less than 240 acres, a very ample deduction for roads. That leaves us with 640 acres at the same cost of 6 crores. Work it out and it gives you a cost of Rs. 19 per yard. We then deduct from that as much or as little as we like for open spaces. We have taken a huge amount. We have estimated for no less than one hundred and eighty-seven acres for open spaces. But we have made out this estimate just to show that even allowing for so large a proportion of open spaces the cost is reasonable and the scheme financially sound. If we allow all this for open spaces it leaves us with 453 acres costing 6 crores or Rs. 28 per yard. Now, gentlemen, I don't think it will be found necessary even for all the purposes we have in view to allow anything like that figure. I believe we can provide ample play grounds, open spaces and roads for much less than that, and of course for every acre saved the cost price will go down accordingly. And the figures named include interest and sinking fund at 7 per cent. Now, gentlemen, I do not know what your views are of the prices of land in Bombay. It would doubtless be varying; but of this I am confident, that there is no greater boon that we can give to the people of Bombay than low land values and cheap rents, open air spaces and healthy facili-

ties. From the beginning to the end, in every speech I have delivered on this question, I have spoken in exactly the same strain. I have never hidden my desire to see lower rents and lower land values. Well, gentlemen, I am taking you all at your word and I am confident that not only can those schemes be brought to perfectly and completely successful fruition but that they can be brought to fruition without loss and probably with a very considerable margin of profits for the benefit of the public purse of Bombay.

I now come to one or two other points to which you Mr. Chairman have referred. You have referred to the personnel employed in the development directorate and you have complained that there was an overstocking of Englishmen at the top and that insufficient number of Indians were being employed. I must state the attitude which I myself adopted in this matter. My Government is bearing a heavy load of responsibility towards the public and their first duty to the public is that it should employ the best talent and that there should be the fewest possible mistakes. Just as a public company has its first duty to its shareholders so our first duty to the taxpayer is to ensure that their schemes are carried out as cheaply and as effectively and as fairly as can be done. That having been said, I do desire, and I know I speak on behalf of my Hon. colleague on my right and Sir Lawless Hepper, that we should train up in the course of these great enterprises in Bombay as many Indians as we can in the work. It was my own idea that this should be done and I spoke of it more than a year ago in a speech to the Engineering College at Poona. One-half of the executive grades are already occupied by Indians and Sir Lawless Hepper tells me that he is advertising for three more Executive Engineers at this moment who it is hoped may be Indians. Therefore I do not think you need to be under any apprehensions on this score. You have my Hon. colleague here who feels quite as strongly as I do on this matter. You need have no fear that we shall not do our utmost to train up Indians and to use their skill as far as the scheme properly allows. You would not desire us to take less competent men merely because they were Indians. If you did then I could not agree. It must be recognised the majority of the

highly skilled Engineers of the world are not as yet Indians, and that at the present moment the highest talent lies outside India. But we shall endeavour honestly and fairly to meet your desires and very proper wishes in this matter. We have done a great deal already in this respect and gradually but steadily we hope to do more.

I now come to the question of stores, a question that has many difficulties, but which I can I think deal with simply. It is throughout been our desire and intention that purchases for these schemes should, consistent with due regard for quality be bought wherever they can be most cheaply bought and most expeditiously obtained. I know this is the desire of the public and I desire that the public should feel confidence on this matter, for the confidence of the public is essential to the success of all these enterprises. We have not however uptill now been completely free as I think you know on account of the stores rules. Those rules have now however I believe been altered, and I think I am right in saying that within a week or two now we should be completely free in this matter. The Government of India have recommended that we should be so free, and it remains only for the Secretary of State's sanction to be obtained. Once we are free our policy will be to give preference on equal terms to British manufactures, but where any advantage at all can be gained by going elsewhere we shall do so. I do not think that anyone can quarrel with this policy. More than this you have an Advisory Board, you will know everything that goes on and you can check these matters for yourselves, and we are confident that you will have no cause of anxiety on this score.

Now we come to another matter and that is the question of the control and the general question of development being made a transferred subject. I am afraid I cannot entirely satisfy you there, though I hope that what I say will go far towards that end. First of all it has twice been ruled I think under the Act that this is a reserved subject, and as I have already pointed out to you the matter therefore does not lie with me. If you want the Act altered you will have to go to the Secretary of State, but I am not sanguine that you would succeed if you did. And I will tell you

why I think you will not succeed. It is a reserved subject for the very simple reason that it deals mainly with finance and with land (revenue) which are reserved subjects. It is at present concerned almost entirely with finance and land questions, which are reserved in every other province, and we have to obey Parliament in the matter. But I will not pretend for a moment that I desire the change to be made. I do not desire to shelter myself behind the fact that it does not lie in my power. It would be open to me to urge it upon the Secretary of State, which I at present do not propose to do. I will tell you why. First of all, these schemes are financially the most important matters which any local government in India has ever handled. They tread and impinge upon almost every vested interest that you could imagine, they deal with land acquisition inevitably unpopular, arousing feelings of controversy in the minds of the individuals affected, quite remote from the main purpose which we all as a community have in view. Do you really think, gentlemen, that this is the kind of question therefore that should be made subject to the breath of every popular breast? Is it fair to Ministers, to the scheme, or to Council itself, and would it conduce in the end to the success of the scheme? I do not think it would; in fact I am confident that it would not. But on the other hand it is essential that the public who give the money, the public who are concerned with the scheme, the public for whose welfare the schemes are formed, it is essential that they should know what is going on and that they should be able to arrest any wider scheme which they think unfair or unsound. Now we have provided, and as I think amply, that if one public body of repute like your Chamber has cause for doubt or grievance of this kind it can by drawing Government's attention to it, bring Government into close consultation with it, and that Government can supply it with the fullest facts on the situation. The fact that I here to-day prove what I say. I am willing to acknowledge that as regards publicity we have not as yet been as successful as I should like. Estimates take some time to prepare. They need frequent revision in the early stages. Premature examination of incomplete material for the criticism of newspapers and the public may often do more harm than good in an atmosphere that tends sometimes to lay undue emphasis on criticisms.

But we are willing to equip the Advisory Board with the fullest information. We are willing further to give full information to all public bodies of standing such as your own, the Municipality of Bombay, the Bombay Chamber of Commerce, and so on, and we are confident that with all the leading people of Bombay in our confidence and due publicity to the newspapers you will be able to contest matters of importance fully and adequately. The purpose of the Government and the purpose of the public is identical, namely the success of the schemes and if we are willing to give you our full confidence we have a right to ask for a reasonable reciprocity of confidence in return. And therefore on this matter I would ask you to take my advice and leave matters as they are for the present. If in a year or a year and a half you find this system faulty and that it offers you too little influence I will at any rate reconsider the matter. But I am perfectly sure you will find Sir Lawless Hepper grateful for your advice and assistance, and willing to give all fulminant and respectable bodies having public confidence like your Chamber the fullest information possible and to withhold nothing of the main issues of the question.

Well, gentlemen, that is really all I have to say and I must thank you for your patience in listening to me for so long. I ask confidently for your united support in a matter such as this which has been undertaken at the request of the city, for the good of the city by my Government. We do not ignore that these schemes are of a nature which of necessity lend to a certain amount of individual inconvenience and sometimes though I hope rarely to some degree of hardship. It is a fact that some of those, who as individuals are annoyed, are the same as those who as members of the public most warmly support us in our endeavours. I do not ignore the inevitable unpopularity of compulsory acquisition and am glad to think that this is coming to a close. I am deeply sensible of the patience and good sense of the public in their attitude to these matters. Just as I rely fully upon public support and confidence so you may rely upon it that my Government in their prosecution of these schemes will do all they can to carry the projects through with due regard and sympathy to the welfare of

that public. If I were to ask you to help us to give medical help to a sick man—even if that help meant a surgical operation, I am sure not one of you would refuse; I rely equally on your help in an operation which will bring a large measure of health and contentment and wealth to all those who live and work in Bombay.

18th August 1921.

Dear Sir,

In compliance with His Excellency's instructions I am to send you herewith the information which His Excellency promised would be sent you by letter regarding questions (a) and (b) set out in the letter of your Committee, dated 27th July 1921.

(a) Major Heads.		Lakhs.
19. Interest	...	247'49
58. Bombay Development Scheme	...	592'91
		840'40

To allow for a margin of safety ... 850 Lakhs.

Details of the work expenditure under major head 58 are as follows:—

		Lakhs.
1-2. Capital cost. Quarry	...	40'98
3. " " Marine Lines	...	22'18
4. " " Colaba	...	23'46
5. Rolling stock	...	28'50
6. Gantry	...	40'00
7. Tipped rubble	...	26'58
8. Mass concrete wall with parapet	...	38'24
9. (See below)	...	Nil.
10. Pumped filling	...	61'00
11. Murrum topping	...	90'00
11A. Dredging plant	...	129'32
12. Concrete wall at Colaba	...	6'25
13. Roads, light & drains	...	42'00
14. Establishment	...	20'85
15. Pitching	...	14'11
16. Protection stone	...	9'45
17. Extra plant	...	5'23
		592'91

(b) The discrepancy between the cost as stated to the Legislative Council in February, viz., 4 crores, and the present estimate of 8.50 crores. The statement that the estimated cost of the work was 4 crores was made by Sir Chimanlal Setalvad on figures supplied to him by the Director who was present in the Council when that statement was made. The Director based his statement of 4 crores to him on Sir G. Buchanan's estimate of 1919, which showed Rs. 367.61 lacs. This was his estimate of the cost of the work itself and did not take into account interest and sinking fund. Since that estimate was made the cost of materials as well as labour has gone up, and exchange has gone very much against us. Lewis, the Chief Engineer, was therefore asked to go into the figures thoroughly under the altered circumstances. He has worked them out in detail and in doing so he has estimated liberally, so that the actuals will work out less than the estimate. His estimate of total nett cost is Rs. 703.17 lakhs. Adding to this the nett charges for interest and sinking fund the total works up to Rs. 8.50 crores. The expenditure on reclamation up to June 1927 including compound interest at 7 per cent. on the capital borrowed will be 618.09 lakhs. In June 1927 we recover from the Military 256½ lakhs for the land given to them. After June 1927 we do not absolutely require to borrow any monies from the public but can work upon our own capital received by recoupments year by year. The interest has been calculated throughout at 7 per cent, but it is expected that there will be some saving on this head.

I am to add that His Excellency deeply regrets the delay that has occurred in the transmission of this information which was due to an unfortunate misunderstanding regarding the office from which the promised letter should issue.

Yours sincerely,

C. G. ADAM.

The Secretary,

Indian Merchants' Chamber & Bureau,
Bombay.

APPENDIX LXIV.

Petrol Shortage in Bombay.

6th May 1921.

To

The Indian Merchants' Chamber and Bureau.

BOMBAY.

Dear Sirs,

We have been directed by our Committee to forward you a copy of resolutions passed at a joint meeting with the Western India Automobile Association Committee and now beg to enclose same.

Yours faithfully,

FORD, RHODES & PARKS,

Secretaries.

Motor Traders' Association.

PETROL SHORTAGE.

At a joint meeting of the Committee of the Western India Automobile Association and the Motor Traders' Association (Western India) held at 121, Esplanade Road, Bombay, on April 28th, 1921, for the purpose of considering what action should be taken with reference to the continued insufficiency of petrol in this Presidency, it was unanimously resolved as follows :—

1. That with reference to the continued shortage of petrol in Bombay Presidency, the Government of Bombay be advised that this meeting is strongly of opinion—
 - (a) that there is no adequate reason why Bombay Presidency should not obtain all the petrol normally required ;
 - (b) that Burma produces more petrol than is needed by India and Burma ;

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- (c) that petrol is indispensable to the present and future of motor transport, and that, as motor transport is of tremendous importance to India, the petrol requirements of India & Burma should be fully met before export to other countries is allowed ;
 - (d) that the shortage of petrol causes not only serious inconvenience to the public, but substantial loss of revenue to Government inasmuch as an insufficient supply of petrol (which pays a very heavy duty) necessarily implies reduced importation of cars, tyres, parts and accessories which are now subject to 20% import duty ;
 - (e) that the petrol-controlling Companies should not be allowed self-interestedly to exploit the natural wealth of India, to the detriment of the people of India ;
 - (f) that the failure of the petrol-controlling Companies to bring sufficient supplies to Bombay is due, not to lack of transport and storage facilities, but to lack of effort and other reasons not made public ;
 - (g) that from information at the disposal of this meeting, 105,000 gallons per week would meet the normal requirements of Bombay City & suburbs and that, as this quantity could be transported in one train sufficient transport could be arranged for without difficulty ;
 - (h) that either the Government of Bombay or the Government of India is in a position to make provision for sufficient petrol to be brought from Burma primarily to Calcutta or Madras or Karachi, and then by rail to Bombay, until such time as Bombay's bulk storage is ready to satisfy this Presidency's requirements.
2. That the Government of Bombay be requested to make immediately serious efforts to arrange that adequate supplies of petrol be brought to Bombay City and Presidency and, if necessary, to invoke the assistance of the Government of India.

19th May 1921.

To

The Chief Secretary, Government of Bombay,
BOMBAY.

Sir,

My Committee have received a letter from Secretaries to the Motor Traders' Association enclosing a copy of resolutions passed recently at a joint meeting of the Committee of the Western India Automobile Association and the Motor Traders' Association with reference to the continued insufficiency of petrol in this Presidency. Looking to the great part petrol driven cars ply in trade and industries and the still greater part they are expected to play in future my Committee beg to suggest that the Government will be pleased to place the following recommendations before the Government of India for adoption :—

- (a) That a system of licences be instituted with regard to exports of petrol from India.
- (b) That a duty be levied on the exports of petrol from India.

I beg, etc.,

J. K. MEHTA,
Secretary.

No. 432 D. C. S.

Bombay, 14th June 1921.

To

The Secretary,
The Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

I have the honour to acknowledge receipt of your letter No. T-902, dated 19th May 1921, addressed to the Chief Secretary to the Government of Bombay, and to reply as follows.

2. Your Committee proposes control over export of petrol from India by a system of licences and a levy of duty on such exports, with a

view to remedy the insufficiency of petrol in this Presidency, and that the Government of Bombay should recommend to the Government of India accordingly.

3. The questions of increasing the petrol supply to Bombay, and whether restriction of export out of India would help towards such increase have been carefully examined. It is considered however that the required increase of supply can be otherwise arranged, and that no purpose would be served at present by restricting foreign export.

4. Petrol supply is sufficient in the ports of Calcutta, Karachi, Madras and areas served by them, and the main reason for the shortage in Bombay has been the absence of bulk petrol storage, and of landing facilities for bulk petrol, the latter difficulty not having yet been surmounted. The bulk storage arrangements at Madras and Calcutta were designed to serve only their own areas and these have been unable to supply Bombay in full in addition, especially as the demand in all parts of India has been increasing greatly.

5. The Oil Companies maintain that they are ready to supply Bombay at any time with as much petrol as Bombay can receive and store. They have spent Rs. 6 or 7 lakhs on a bulk petrol installation at Bombay. They state that to restrict the export of petrol out of India, would not only give Bombay no more petrol, but would reduce the supply of kerosene for India. They market all their kerosene in India and import extra supply of kerosene at a higher price from abroad, so that reduction in the Burma product of kerosene would make it necessary to import more foreign kerosene, and the Indian consumers of kerosene, mainly a poor class, would have to pay more.

6. It is believed that a largely increased supply of petrol can and will be secured for Bombay without restricting the export. Arrangements have been made to increase the supply from Madras by an extra fifty thousand gallons per week beginning from the latter part of June, and the Companies aim at supplying this extra amount from Calcutta in October. In addition efforts are being made to secure or have constructed petrol tank railway wagons which will further facilitate the supply.

7. For these reasons it is not necessary to consider the question of restricting the foreign export or licensing the same.

I have, etc.,

J. P. BRANDER,
Director of Civil Supplies.

APPENDIX LXV.

Restrictions on the entry of enemy aliens into India.

T-766.

15th April 1921.

To

The Secretary to the Government of India,
Department of Industries,
SIMLA.

Sir,

My Committee are aware that there is at present restriction on the entry into India of enemy aliens.¹

My Committee wish to point out that for several technical purposes those connected with engineering and with chemical dyeing and bleaching, etc., it is necessary to import a large number of skilled men from Europe. Such skilled men are not available on suitable terms in the United Kingdom and some of our members have been approached by suitable parties from Germany who are willing to come out and work at wages which compare favourably with the wages asked for by Foremen, Engineers, and Chemists from England.

The attention of my Committee has been drawn to the disadvantages for Indian industries of the continuance of this restriction and my Committee would like to have an explicit statement from the Government of the objects of the continuance of such restrictions and would also like to hear that these are going to be removed at an early date, and that in selected cases of application for entry of skilled technical men from the enemy countries permission would be granted.

I beg, etc,

J. K. MEHTA,

Secretary.

ANNUAL REPORT OF THE

HOME DEPARTMENT.

No. 81-Misc.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Simla, the 2nd July 1921.

Sir,

I am directed to reply to your letter No. T-766, dated the 15th April 1921, addressed to the Department of Industries, in which you make the following requests with regard to the admission of Germans into India:—

- (1) That the object of the continuance of the restrictions on the entry of *ex-enemy* aliens into India may be stated :
- (2) that the restrictions may be removed at an early date ; and
- (3) that in selected cases of application for entry, permission may be granted.

2. As regards (1) and (2), I am to enclose for the information of your Committee a copy of two Government press communiques which were published in November 1919 and January 1920, announcing the policy of Government in respect of the admission into, or exclusion from, India of *ex-enemy* aliens. The object underlying the continuance of the existing restrictions is to prevent the revival of the mischievous propaganda which was carried on by German residents before the war.

3. With regard to the third request, I am to say that the Government of India will be prepared to consider any individual case submitted to them on its merits; but can hold out no prospect of such a case receiving favourable consideration unless a very strong case is made out for the employment of an *ex-enemy* alien in preference to a British or non-enemy foreigner.

I have, etc.,

J. D. V. HODGE,

Additional Under Secretary to the Government of India.

PRESS COMMUNIQUE.

In reply to a question asked by the Hon'ble Mr. W. E. Crum in the Indian Legislative Council on the 23rd September 1919, the Government of India promised to make a public announcement of their policy in regard to the admission into, or exclusion from, India of former enemy aliens, *i. e.*, subjects or citizens of States with which His Majesty was at war at any time during the year 1918.

2. The Government of India have now decided, with the approval of the Secretary of State, that Germans shall be prevented from entering India during a specified period (which will probably be either three or five years) after the conclusion of the war, the matter being reserved for further consideration on the expiry of that period. The prohibition will be subject to exceptions only where the Government of India are satisfied that very special reasons to justify admission into India exist. Such exceptions might be made on the ground that an individual served in the British or Allied Forces during the war, that he was by birth a British subject or that he is a native of territory which has ceased to be German territory as a result of the Peace Treaty.

3. The same general prohibition will apply to former enemy foreigners other than Germans or Asiatic subjects of Turkey, but exceptions will be allowed more freely than in the case of German.

4. In the case of Asiatic subjects of Turkey, the prohibition will be generally relaxed, subject to conditions or exceptions in individual cases or classes.

5. In regard to British-born women who have lost their British nationality by marriage to former enemy aliens the prohibition will be relaxed. Following the practice in the United Kingdom, unconditional leave to enter India will be given to such British-born women—whether their marriage had been terminated by the death of the husband or by divorce or whether the husbands are still alive—and they will be allowed to bring with them foreign-born daughters of any age who are unmarried and living with them and foreign-born sons under the age of 16. No special

permission to enter India will be required for children born in any part of the British Empire and therefore British subjects.

6. For the present the admission of former enemy aliens to India will be regulated by means of a system of passports, for which purpose it is proposed to undertake legislation shortly.

C. W. GWYNNE.

for Additional Secretary to the Govt. of India.

Home Department

(War):

Delhi, the 22nd Nov. 1919.

PRESS COMMUNIQUE.

In the press communique of the 22nd November 1919, announcing the policy of the Government of India in regard to the admission into, or exclusion from, India of former enemy aliens, it was stated that the period during which such aliens, would be prevented from entering India, had not been definitely determined. The Government of India have now decided to fix this period at five years from the conclusion of the war.

H. D. CRAIK,

Additional Secretary to the Govt. of India.

Home Department

(War):

Delhi, the 22nd January 1920.

APPENDIX LXVI.

Proposal for representation of the Chamber on the Advisory Council of the Sydenham College of Commerce.

T-1213.

6th August 1921.

To

The Secretary to the Government of Bombay,

Educational Department,

BOMBAY.

Sir,

I am directed by my Committee to request the Government of Bombay to be pleased to provide for at least two seats being given to this

Chamber on the Advisory Board of the Sydenham College of Commerce. This Chamber was represented on the Advisory Committee since its inception upto recently when the representation was dropped in the formation of the new Committee by the Government. At present only the Bombay Chamber of Commerce and the Bombay Millowner's Association have got representatives on the Advisory Committee and my Committee cannot understand why this Chamber was not asked to send its representatives on Advisory Committee as before. The College of Commerce should keep itself in touch with all the commercial interests of the city, and there can be no reason for restricting representation of commercial interests only to the Bombay Chamber of Commerce and the Bombay Millowners' Association. This College, it is needless to say, is not really an academic institution but is concerned with the practical trade, commerce, and industries of the city. Its Graduates have naturally to get their training with commercial firms and their main avenue of work lies also in this direction. As such the request of my Committee for adequate representation on the Advisory Committee will not be considered to be out of place. My Committee beg to hope that this request will be granted and arrangements will be made at an early date for having their representatives on the Advisory Board of the College.

I beg etc.,

J. K. MEHTA,
Secretary.

No. 404-E.

EDUCATIONAL DEPARTMENT,

Secretariat, Fort, Bombay.

Dated the 21st September 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau, Bombay.

Subject:—Representation of the Indian Merchants' Chamber and Bureau on the Advisory Board of the Sydenham College of Commerce and Economics, Bombay.

Sir,

With reference to your letter no. T-1213, dated the 6th August 1921, on the above subject, I am directed by the Government of Bombay,

(Transferred Departments) to state that the Indian Merchants' Chamber and Bureau ceased to be represented on the Advisory Board of the Sydenham College of Commerce and Economics, Bombay, as they discontinued their contribution towards the maintenance of the college. I am, however, directed to enquire whether they propose to resume contributing and, if so, how much.

I have etc.,

S. N. ZIMAN,

Deputy Secretary to the Government of Bombay,
Educational Department.

APPENDIX LXVII.

*Representation made by Mr. K. H. Vakil as a representative of the
Chamber to the Committee of Industrial and Technical
Education in the Bombay Presidency.*

Bombay, 28th June 1921.

To

SIR M. VISVESVARAYA, K. C. I. E.,

B.A., L.C.E., M.I.C.E.,

Chairman, Technical and Industrial Education Committee,

GOVERNMENT OF BOMBAY.

SIR,

I have the honour to submit herewith this special representation on Higher Technological Education on behalf of the Indian Merchants' Chamber and Bureau whom I represent on your Committee.

The Government have appointed this Committee to prepare a comprehensive scheme for technical and industrial education. The terms of reference include all classes of technical training—primary, secondary and University. The Committee is asked "to examine existing facilities for imparting higher education in Mechanical Engineering and Technology and to suggest measures, including provision for research work needed to prepare leaders, organisers and experts that is persons qualified to fill leading executive positions in business." This reference evidently points out that

the Government have given consideration to the report of the Industrial Commission and accepted the recommendation that "it is urgently necessary to prepare for a higher technological training, which will provide the means whereby the physical science students of the colleges affiliated to the University may learn to apply their knowledge to industrial uses.....
.....and we anticipate that industrial expansion will justify the starting of departments of general technological chemistry.....We regard it as certain that public opinion will demand that these colleges shall be connected with the local Universities and that the students shall be able to obtain University degrees. To this we think no serious objection can be raised....."

The Industrial Commission could not have arrived at any other conclusion than this, and if it had been accepted all round the spirit in which it was made, there would not have been any need for this special representation on behalf of my Chamber to this Committee. There appears however in certain quarters a predisposition to throttle by adverse criticism every attempt to create facilities for higher technological training. In a note circulated to the members of this Committee with the terms of reference it is suggested that higher technological education should be subordinated to other classes of technological education, mentioned in the terms of reference. It is argued "the persons here referred to must and usually do grow out of the class of individuals referred to in the second and third terms of reference, by their own efforts assisted by persons already occupying position of influence in the business." That such an argument should be advanced against higher technical education is most surprising. There can be only one obvious conclusion to be drawn from the argument, which has neither logic nor experience behind it to support its validity. No educationalist could ever contend that persons of higher attainments "grow out" of a lower grade of training without the aid of further higher training. This principle of evolution does not apply to other branches of knowledge; if it did, there would be no justification for higher training in colleges for post-graduate work and for research work. This kind of argument, though it cannot be taken seriously into account in deter-

mining an important issue, is indicative of the feelings that prevail against higher technical education being imparted to Indians. We are justified in treating at length this subject, specially as we find that great stress is laid in the report of the Committee of Direction for Technological Education (1919-20), which concludes as follows :

“The really important matter for immediate attention for the development of industries is the increase of the supply of skilled tradesmen, and that this increase will naturally be arrived at by the system of apprenticeship in works with classes. The demand for the product of technical institute of University standing is insignificant compared with that for skilled tradesmen, and their interest, should therefore for the present be subordinated to the production of tradesmen in every branch.” With regard to this conclusion, my Chamber feels that as the Committee was not fully representative of Indian interests it cannot accept this prejudiced conclusion and strongly deprecates some of the most amazing and damaging statements made by Mr. Dawson against the fitness and capacity of Indians for higher technical education. Mr. Dawson's arguments are nothing new. The same arguments were advanced as far back as the early eighties, when the question of remodelling the Poona Engineering College was under discussion. All the arguments advanced by Mr. Dawson are found in the masterly memorandum on Technical Education in India submitted by Mr. A. P. McDonnell, (now Lord McDonnell) in 1886. The bogey of literary education, literary atmosphere, of better class families, and their apathy towards manual work all have been discredited during these last forty years by the results obtained by Indians who have been privileged to carry out work of responsibility under proper conditions.

The subject of technical education was very carefully examined by the Industrial Commission and some of its conclusions have commended themselves to general acceptance by the sincerity, fairness and depth of sound prevision of the Commissioners. While this is not the place for a critical examination of these observations, my Chamber would still point out some of the salient features in refutation of the onesided and prejudi-

ced opinions expressed by certain parties against higher technical education for Indians. One of the stock arguments against Indians is that "students from the better class families do not really take up the technical education and many parents object to their sons doing so." This is a truism common to all nations. Even in England the technical talent is drawn from certain classes only. The Industrial Commission state "The supervising staff in a large number of English industries is recruited entirely from one or other of two sources—from artisans who have worked their way up, obtaining the necessary theoretical knowledge by private study or in evening classes, or from young men who have some connection with the industry.....It is very exceptional for a person unconnected with the industry to attempt to enter it." This is a peculiarity which Indians share with other nations. The difficulty of recruitment for industries was keenly felt by the Commissioners, who realised that unless special arrangements were made as outlined by them, it was difficult to make India independent of foreign technical assistance. The disadvantages of importing recruits from abroad were clearly pointed out by the Commissioners who remarked, "The continuance of conditions which force the industrialists of the country to import so many of their subordinate supervising staff is clearly most undesirable. They form a serious handicap to progress and militate against the ideal of an industrially self-sufficing India. Many men brought from foreign countries are found unsuitable on their arrival here, others take a dislike to the country, or develop indifferent health and are generally a source of anxiety to those responsible for bringing them out."

My Chamber is fully alive to the conditions under which recruitment of Indian technical talent is made. While it recognises certain shortcomings of Indians, it is convinced that the unsatisfactory and poor results cited against them were the natural sequence of conditions which are dissimilar to those prevailing in other countries.

In the majority of industrial undertakings in this country the technically trained Indians have to work against very adverse circumstances:

1. The boards of management in most of the large companies, the Port Trusts, the Railways, Docks, the Engineering firms are composed of Europeans who are naturally in favour of employment of European staff under them and consequently Indians are continuously kept back responsible positions.
2. We see among the civilians and other heads of Government Departments the same tendency towards the employment of Europeans to from the exclusion of Indians though they are fit for the work.
3. A similar state of things unfortunately exists also in many big industrial concerns where the foreign experts at the head generally insist on the employment of more and more Europeans.
4. In cases where Indians were entrusted with responsibilities by agents or directors well disposed towards Indians, they had still to work under imported supervisory staff and consequently their work was not adequately recognised. Unfair and uncalled for criticism was passed on their work, and the condition of tenure of office was made so unpleasant that no self-respecting person could tolerate to continue under such circumstances.
5. The necessary condition for obtaining the best results from a worker is contentment and loyalty towards the master. If the worker is in any way dissatisfied or has any grievance, his efficiency suffers to a remarkable extent. In the case of Indians the causes of dissatisfaction and discontent have been numerous. They have not been treated liberally as regards the conditions of work, salary, promotions and bonuses.
6. Indians have generally not felt any security consistent with their training and work in employments where the higher posts were closed to them, not because of their technical shortcomings, but because of the management's want of confidence in them. Want of security and rightful promotion combined with want of opportunities to do work which may reflect credit on themselves have disappointed many a promising career. For no equitable reasons have imported men continued to boss over Indians of superior talent and better

training. These conditions continue to prevail in almost all the leading works in this country, where the better paid offices are held as a close preserve for foreigners.

7. The inadequacy of pay given to Indians has kept back men of the intelligent classes. The Commissioners have pointed out that difficulties arise in this Country from the fact that the educational attainments of the artisans are too low to fit them for such posts, while the stipends and prospects offered are not of a nature to induce the better educated classes to spend a number of years as workmen. The Commissioners further remark, "As regards salaries, we consider that the principle must be adhered to that equal proficiency must be equally remunerated."

My Chamber therefore strongly condemns the charges brought against the capacity and fitness of Indians for higher technological training and undertakings. Indians have been sinned against and maligned, and it is the considered opinion of my Chamber that to do justice to young Indians and to make India self-sufficient, the only course left open, is to create a technological institution with a view to prepare leaders, supervisors, organisers, and experts and thus prepare the way for filling all the leading executive positions in industries and commerce in this country by Indians. Once this is settled, my Chamber feels, that the bogey of insufficiency and inefficiency of the Indians would soon disappear. For this reason, the following scheme for a technological institution, under the first term of reference, is framed for the consideration of your Committee. This scheme asks for the foundation of a Faculty of Technology in the Bombay University and in doing so, my Chamber relies mainly on the findings of the Industrial Commission for the urgent necessity for a higher technological institute. The Industrial Commission has pointed out the necessity of drawing from the higher middle classes the recruits necessary to replace foreign imported men. It is true that upto now middle class Indians, possessing higher intellectual qualifications than those of the rank of artisans and workmen have kept away from industrial careers, with the result that India has produced men of lower grade ability and capacity for the development of Indian industries. This deficiency my

Chamber attributes to several root causes : (1) The Commission have laid considerable stress, and we fully agree with them on the fact that there is no provision made, so far for the middle classes. They remark " We consider it of great importance that the conditions of training should be such as the educated Indian youth will consider consistent with his sense of self-respect ; for if this is not satisfied, we shall be depriving ourselves of the most promising field of recruitment." This lack of provision is responsible for the total dearth of men of outstanding ability, and original work in textile, mechanical and chemical engineering,—branches of engineering which have had a fairly long life in this country. If these branches had been strengthened from the beginning by the intellect of the middle classes with opportunities and facilities which obtain in other countries, India would have recorded results in engineering of which any nation could be proud.

(2) Lack of provision for the training of educated classes was not the only defect of our system. In India, as in other countries, education carries with it a certain recognised status in society. Each profession carrying with it the dignity conferred by University recognition has drawn towards it the best men from all classes of intelligentsia. Merely abusing Indian middle classes with hankering after University qualifications shows a pettiness of mind and an almost unpardonable lack of knowledge of human nature. When an occupation ceases to be purely mechanical or manual and is developed by the contributions of the mind, it rightly desires to run *pari passu* with other intellectual occupations and professions. The older Universities once recognised Mathematics, Law, Literature and theoretical Sciences as worthy of their recognition, and consequently the best brains of the country were drawn to these subjects. In more recent times, however, Civil Engineering Medicine, Commerce and several branches of applied sciences were also duly recognised by the Universities and degrees conferred in them without any distinction or reservation. This progressive and just measure was reflected in the advancement of many neglected subjects by diverting from other over-stocked occupations men of promising ability, with the result that a great impetus was given to applied sciences. That condition has not obtained in Indian Universities, with the deplorable result

that our industries have been left to men of inferior calibre. The paucity of able men in technical careers is thus to be attributed not to any apathy of Indians towards industries, but to the indifference of our Universities. If, therefore, technical education is given a University recognition in Bombay, better class men who overstock legal, clerical and other professions would be diverted to the services of industries, and we would thus have a body of men, commanding the same status in society as other professions. Having once raised their status by the academical recognition, there will be no need to look out for abler men from abroad. Professors at Cambridge, Oxford, Manchester, London and Leeds have all from time to time recognised the capacity of Indians for the highest type of education and, given equality of treatment and facilities and opportunities, Indians have proved equal and in some cases better than the best men imported from abroad.

(3) My Chamber does not admit that educated Indians are unwilling to submit to early hours and hard workshop training. In the textile industry, for instance, Indians do work early and late even in the highest rank and do get through very arduous work. Instances are no doubt on record of a few men not readily taking up hard manual work. Grave injustice has been done to the general interest of Indians by such statements. Besides higher technical training is only concerned with certain classes of work and does not demand severe manual exertion. Indians have been subjected for obvious reasons to low grade severe manual work by unfriendly employers.

It may be stated with confidence that with the change in the times and industrial conditions there are hardly to be proved any instances in which a properly trained Indian has refused to work under factory conditions. The Industrial Commission remarks. "It has been objected that educated Indians will be unwilling to submit to the early hours and hard conditions of workshop training. This may, no doubt, have been the case in the past, but there are now numerous signs of a marked change in sentiment, and we feel confident that, if facilities are provided, increasing use will be made of them. There are difficulties in the way, we admit ;

but they are not so great as is often supposed, and can be overcome." Technological institutions attached to the Universities where better class Indians are from the very start trained up in a suitable atmosphere will satisfy any remaining doubts regarding the difficulties in the way of Indians and will thus remove the aspersions cast on the capacity of Indians without any justification by persons unfriendly to the interests of India.

(4) At the Indian Industrial Conference of 1915, at which Sir Dorab Tata presided, Dr. Harold Mann moved a resolution for the formation of a Technological Faculty in the important Indian Universities. This resolution was supported by the Hon. Mr. Lalubhai Samaldas and fully confirmed and passed by the Conference. Dr. Mann in moving the resolution pointed out that the time had come for the subject to be taken up on more liberal lines than had been the case in the past. He placed the case very strongly and pointed out that during his long connection with the Bombay University he had found that the idea was deeply rooted in the minds of Indians that culture was only obtainable by literary pursuits and those who studied Technology belonged to a lower plane of civilisation and culture. That was the reason why able Indians have not seen their way to take up technical pursuits and the remedy only lies in the University giving them the same place of recognition as other professions, like Commerce, Civil Engineering, Agriculture, Law and Medicine.

Before the scheme is discussed it is necessary to examine the contention that there is not "sufficient demand" for the "product" of a technological institute in Bombay. This argument has been carried so far and such importance is attached to it, that with painful surprise my Chamber found that the consideration of this most important reference was likely to be shelved on the ground of "insufficient demand" for highly trained Indians in industries. My Chamber, however, confines its attention to the higher technological institute after due consideration of the utility and potential value of such an institute. There are hardly any records to show that statistical figures have brought into being such institutions. In the majority of cases the institutions owe their origin to the broad-minded and liberal prevision of sincere educationalists or well-wishers of the Community.

My Chamber would like to know whether there are any records that justified the creation of the Indian Institute of Science at Bangalore; whether there are any records or figures justifying the creation of almost all the first class colleges and technical institutions in Great Britain, Germany and America. To apply the vulgar term "demand" from Economics to Education is to mistake the meaning and object of Higher Education. The fact remains that of all places in India, Bombay is the largest centre of a number of industries. The fact also remains that there is a large number of imported men working in the City and that the industrial progress and requirements of the country have not come to a standstill; but are constantly growing in every direction. To prepare the highest type of men by creating facilities and to supply the present and future wants of a growing and important industrial community could be the only reason for the creation of a technological institute. One can never prejudge the necessity of an institution of this character by statistical figures, and sound common sense will always indicate that the recruitment of professions can never be regulated by the laws of supply and demand. It is erroneous, therefore, to attempt to determine this issue on statistical figures. To be frank, my Chamber clearly lays down the object for which it demands the creation of a technological institution, and that is to aim at stopping the importation of technical skill from abroad of foreign men in India, and take the earliest opportunities to make the country self-sufficient and independent and self-respecting in matters affecting our vital industrial interests. This conclusion, my Chamber fears may go against the interests of certain privileged classes, whose sympathy it would be difficult to enroll in the interest of the higher Technological Institution for Indians.

OBJECT.

The object of the Institute should be as outlined in the first term of reference, viz. to train men with high qualifications in branches of applied sciences particularly with reference to those for which there are openings in this Presidency. Besides the training of men to undertake responsible positions as organisers, experts, supervisors and leaders of industries, the Institute should be the training ground for men, who will be required as teachers under classes B and C. The two existing institutions should not

form part of this faculty. The College of Engineering at Poona should specialise in the training of Civil Engineering only. This institution should be relieved of Mechanical and Electrical Engineering. Its location may remain at Poona. The V. J. Technical Institute should be made the chief Institute under class B without any change in the technological courses, as suggested by the Industrial Commission. This institution in the new surroundings at Matunga will be well located for the purposes for which it is mainly qualified. It will not be far from the great engineering workshops of the railways and the textile mills. Apprentices from these may preferably find it convenient to attend its classes. But my Chamber is strongly of opinion that no patch-work attempts should be made to convert it into a technical institute of a high order.

SUBJECTS.

In determining the subjects, due regard has been given to the industries of the Presidency. In certain cases we feel justified in well considered anticipations. For instance, the provision of calico printing has been made in chemical section for special reasons. The different hydro-electric schemes near Bombay will provide a large volume of fresh water that is required in calico printing. Already one or two English companies have prospected for sites for calico printing works. Another subject under chemical section is electro-chemistry. Considerable work has been done at Koyna River and Tata Electro Chemicals, Ltd., have so advanced the project that we may confidently expect it to be in the near future one of the biggest centres in the world of electro-chemical and electro-metallurgical industries. Under this section also provision has been made for fermentation industries. Possibilities of cheap industrial alcohol are great in this presidency, and attention to this fact was drawn in a special Parliamentary report. Under chemical section provision has also been made for photography and printing. Indian printing and process or lithographic work is so notoriously poor that unless attempts are made to develop this on systematic lines, one of the important branches of applied science is likely to remain neglected. In printing, photography and process work, the training that is obtained at present is very crude, haphazard and not on sound technical lines.

For these considerations the following chief departments should be constituted in the Institute :

- (1) Electrical Engineering, (2) Mechanical Engineering, (3) Applied Chemistry, (4) Textile Industries, (5) Plumbing and Sanitary Engineering.

NUMBER OF STUDENTS.

The Institution should make provision for the following number of students on the assumption that each year nearly sixty to seventy per cent. of the students in each branch qualify for the degrees. It is assumed that the complete course in each subject is spread over three years and two more years are spent for post-graduate work.

		Third year.	Second year.	First year.	Total.
Electrical	... ..	15	20	30	65
Mechanical	... ..	20	25	40	85
Applied Chemistry	... ..	10	15	30	55
Textile	... ..	30	40	50	120
Sanitary and Plumbing	... ..	10	15	20	45
		85	115	170	370
Post-graduate and Research	... ..				30
Total	... ..				400

This institution would, therefore, turn out every year in all about 40 to 50 men trained in different subjects. The yearly admissions of fresh students need not exceed 65 to 70.

ADMISSION QUALIFICATIONS.

The candidate should be at least 18 years old and must pass the first year examination in arts. Besides this qualification the candidate must be submitted to an entrance examination in Elementary Science, Drawing and Mathematics to determine his fitness to undertake a technical course. If the student successfully passes through the courses and puts in two years more for post-graduate work qualifying him for the Master's

degree he should be able to begin his profession at 23, which age can be considered neither very advanced nor young. Admission should not be restricted to the students of this Presidency but should be open to subjects of Native States and other Presidencies. The object to be aimed at should be the training of the best material available in the country.

PRACTICAL WORK.

This work should be given in the second year of training in the works of the Institute and by arrangement with regular factories. The first year to be devoted to general grounding in theory and mathematics with machine drawings and lectures in economics. This last subject has been recently added in the curriculum of advanced technical institutions in England. The third year may be spent in advanced study and specialisation and partly in workshop and laboratories over higher grades of practical work.

SPECIAL SUBJECTS

In the third year each student should be made to take up an optional subject for specialisation in the branch selected by him. For instance, in Applied Chemistry, specialisation may be in one of the following subjects :

- (1) Textile chemistry, including sizing, bleaching, dyeing, printing and finishing, (2) Sugar manufacture, (3) Technology of oils, fats and waxes, (4) Soaps, Candle and Glycerine, (5) Photography and process work, (6) Manufacture of heavy chemicals, acids and alkalies, (7) Manufacture of pharmaceutical products, (8) Chemistry of leather trades, (9) Electro-chemistry, (10) Fermentation industry, (11) Wood distillation and Tanning extracts.

These are the industries typically suited for this Presidency, and provision should be made for them in the Institute.

FEES, SCHOLARSHIPS AND BURSARIES.

In all institutions of a specialised character, the fees do not cover the total expenses of the institutes. In Germany and England similar institutions are maintained mainly by public bodies. The fees to be charged should not be higher than those charged in Government Arts colleges and

the Grant Medical College. The object should be to draw the best available material by inducements and concessions. A very large number of bursaries should be given to the students by way of inducement. Bursaries, exhibitions and scholarships holders should form nearly one-third of the total number of students and the fees received from the remaining part should be set off for the payment of these stipends. Post-graduate work must be fully paid and the scale of payment should be fairly high in order to keep better type of students from seeking their livelihood elsewhere. They should be made to feel that the payment they receive during the period of post-graduate study would be no less than what they would have received in factories and workshops.

The curriculum under different branches should be determined after a careful study of similar courses abroad and our Indian requirements ; but this question should be left over till the scheme is fully matured.

BUILDINGS AND EQUIPMENTS.

The same considerations would apply for buildings, laboratories and workshops and their equipments. No estimate could be prepared till it is finally decided on what lines the Institute would work.

LOCATION AND SITE

The best location for the Technological Institute in the Presidency would be Bombay itself, and the best site would be somewhere in the northern part of the island, either in Trombay, where Sir Chimanlal Setalvad had proposed to remove the Elphinstone College, or between Bandra and Andheri, where sufficient cheap land would be available for factories and workshops.

STAFF.

The success of this Institute will depend on the selection of the staff. A definite rule must be laid down, as has been done in first class English institutions, to enrol the services of the most eminent and topmost men available in each branch. Second rate men not only ruin the reputation of an institution, but do a considerable harm by retarding the progress of

higher education. Instances of selection of men of mediocre ability in this Presidency are not wanting. One of the best institutions, full of great potentiality has been given a start with a staff of low grade ability and without any status in academical circles for their learning and research. Such mistakes should not be repeated for this institution. Sufficient number of instances may be cited in which the influence of famous teachers has helped in the creation of that tradition and atmosphere which are necessary for higher education and research.

CONTROL

The control of the Institute should be left in the hands of a body of Governors representing the University, trades and industries, the Educational Department and the municipality. My Chamber does not believe that such an institute should be left in the hands of the Department of Industries, which, judging by the experience in the past so far may continue to be staffed with men of inferior calibre, or indifferent sinecure hunters. My Chamber is aware of the recommendation of the Industrial Commission that such an institution should be in the hands of the Director of Industries. But so long as the Directors of Industries remain non-technical men, drawn from the Civil Service and are not Indians my Chamber has no confidence in their capacity and fitness for the management of an important institution looking after the vital interests of the country.

ESTIMATE OF YEARLY EXPENSES.

A—STAFF.

	Rs.
Principal at Rs. 1,500 per month	18,000
Professor of Electrical Engineering at Rs. 1,250 per month ...	15,000
Professor of Mechanical Engineering at Rs. 1,250 per month.	15,000
Professor of Applied Chemistry at Rs. 1,250 per month ...	15,000
Professor of Textiles at Rs. 1,250 per month	15,000
Chief lecturer in Sanitary. Plumbing and Engineering at Rs. 750 per month	9,000

	Rs.
15 lecturers at Rs. 500 per month, each	90,000
15 Demonstrators at Rs. 150 per month, each	27,000
10 Laboratory assistants and workshop attendants at Rs. 100 per month, each	12,000
15 Laboratory and workshop hamals at Rs. 50 per month	9,000
Chief clerk Rs. 250 per month	3,000
6 Office clerks at Rs. 120 per month, each	8,640
Sepoys, Ramosees and Boys—total Rs. 400 per month	4,800
Accounts staff at Rs. 400 per month	4,800

Total ... 2,46,240

B—MAINTENANCE CHARGES.

	Rs.
Water, Power, Light, etc.	2,560
Library and Reading Room	5,000
Office requirements, stationery and printing	5,000
Workshop stores, replacement of implements etc.	2,500
Chemical Department Stores and Supplies	20,000

Total ... 35,000

A. ... 2,46,240

B. ... 35,000

2,81,240

Add for contingencies ... 18,760

Grand Total Rs. 3,00,000

As the total number of students for whom provision is made in this technological institution is 400, the cost per student works out at Rs. 750.

In the provisional statement submitted to the Committee, the cost per pupil works out at Rs. 792, against Rs. 750 as shown above.

My Chamber is therefore justified in recommending a total provision of Rs. 3,00,000 for the Technological Institute.

In conclusion, my Chamber again wishes to lay stress on the immediate necessity of providing at an early date a Technological Institute in Bombay affiliated to the Bombay University under the Faculty of Technology. In expressing this view, it has in mind the great and important industrial developments of the Presidency and the growing public opinion for replacing imported men by Indians. Industrial progress in Western countries particularly in Germany, was the result mainly of the highest class of liberal technical education. Great stress was laid by the Technical Instruction Committee of Manchester in their report on the contribution of technical institutions to the progress of Germany. This Committee remarked "The technical schools were the root and base of the surprising industrial development of Germany and are the main contributors to this great economic result; it is no less certain that if we are to maintain our position as a great industrial community it must be by following and adopting the same methods."

The same liberal policy must be followed if India is to attain a pre-eminent position in the industrial world and that could only be done by means of a technological institution of University status, absorbing in the ranks of industry our ablest young men, who are at present drifted into non-productive professions. My Chamber, therefore, urges your Committee not to subordinate the consideration of higher technical education to the other lower grades of technical education and hopes that you will give it the first place of importance in your recommendations.

Yours truly,

KAPILRAM H. VAKIL.

APPENDIX LXVIII.

*The proposal for a new building for the Sydenham College
of Commerce and Economics.*

T-1124.

21st July 1921.

To

The Secretary to the Government of Bombay,
Education Department,
BOMBAY.

Sir,

I am directed by the Committee of this Chamber to enquire as to what steps, if any, are being taken to house the Sydenham College of Commerce in a decent building of its own. Ever since the College was housed in the Whiteaway Laidlaw Buildings, representative public commercial institutions and Members of the Legislative Council have been urging upon the attention of the Government the desirability of removing the College from its present quarters to some decent building. As far as my Committee are informed even the late Principal Anstey was always drawing the attention of the Government to the undesirable surroundings of the College.

My Committee are informed that there were about 400 applications for admission to the College at the beginning of this term, from which only about 75 applications were entertained because of the want of space. It is the only Commercial College recognised by the University in the whole of the Bombay Presidency and students wishing to take up commercial education are thereby greatly handicapped and put to a great deal of inconvenience and trouble.

My Committee beg to request the Government to be pleased therefore to take immediate steps for the location of the College in a spacious building which should not be outside the precincts of the Fort. The College is conducting several classes which are attended by clerks of commercial and industrial firms and it would therefore be extremely inconvenient for them if it were removed to a great distance from the Fort.

I beg, etc.,
J. K. MEHTA,
Secretary.

ANNUAL REPORT OF THE

No. 4670.

EDUCATIONAL DEPARTMENT

Secretariat, Fort, Bombay.

Dated the 22nd August 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

With reference to your letter No. T. 1124, dated the 21st July 1921, I am directed by the Government of Bombay (Transferred Departments) to say that, owing to the present financial stringency and difficulty in finding a suitable site at a reasonable cost, it has not yet been found possible to commence the construction of a building for the Sydenham College of Commerce and Economics, Bombay, and that the whole question of constructing a building for the college on a suitable site is being reconsidered by Government.

I have, etc.,

S. N. ZIMAN,

Deputy Secretary to the Government of Bombay,
Educational Department.

No. T.-1405.

26th September 1921.

To

The Deputy Secretary to the Government of Bombay,

Department of Education,

BOMBAY.

Sir,

With reference to your letter No. 4670, dated the 22nd August 1921, regarding the location of the Sydenham College of Commerce and Economics, I am directed by the Committee to draw the attention of the Government of Bombay to the purchase reported to have been recently made by the

Development Department of the estate situated on the Hornby Road, known as the Indo-British Institution. My Committee have also been informed that the Development Department have advertised it for sale and that they are collecting offers from intending purchasers. If the facts stated above are correct my Committee would like to suggest that instead of selling the above mentioned estate it would be more advisable if the Government were to reserve it for the accommodation of the Sydenham College of Commerce and Economics which is for the present occupying rented premises and which are not at all suited for college purposes.

I beg, etc.,

(Sd.) S. M. MUZUMDAR,

Ag. Secretary.

APPENDIX LXIX.

Import duty on Raw Rubber.

Bombay, 19th February 1921.

To

The Secretary,

Commerce and Industry Department,

Government of India,

DELHI.

Dear Sir,

We beg to send you herewith copies of correspondence passed between us and the Collector of Customs, Bombay, which speak for themselves. The question is whether raw rubber imported from Colombo is liable to an Import Duty. We beg to submit that if under the present wording of the Indian Tariffs Act raw material of this kind is not exempt, Government should consider the possibility of an amendment which will make importation of this raw material free. The question has probably never been considered in the past because Rubber industry has never been started, but at the present moment two Factories are being constructed, one in Bombay by us and another at Jamshedpur by Messrs. Kilburn & Co., and to our knowledge there are two other factories projected. The quality

of rubber to be found in India is not suitable for all purposes and it is in complete variance with the declarations of the Government from time to time as well as with the recommendations of the Indian Industrial Commission that this elementary facility should not be given to the promoters of this new industry.

We trust this question will receive serious and early attention of the Government.

We are, Dear Sir,

Yours faithfully,

(Sd.) MANU SUBEDAR & Co.,

Managing Agents,

The Pioneer Rubber & Industrial Co. Ltd.

T-602.

Dated 11, March 1921.

Letter transmitted through the Indian Merchants' Chamber and Bureau, Bombay,

(Sd.) J. K. MEHTA,

Secretary,

Indian Merchants' Chamber & Bureau.

No. 4415.

Government of India.

DEPARTMENT OF COMMERCE.

Simla; the 5th July 1921.

To:

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to refer to your letter No. T-602, dated the 11th March 1921, submitting a representation from Messrs. Manu Subedar

and Company, Managing Agents of the Pioneer Rubber and Industrial Company, Limited, praying for the remission of customs duty on raw materials imported into India for the manufacture of rubber goods.

2. In reply, I am to say that the Government of India have given their careful consideration to the representation made by the Pioneer Rubber and Industrial Company, but they regret that they are unable to accede to their request.

I have, etc.,

J. B. TAYLOR,

Under Secretary to the Government of India.

T. 1142.

25th July 1921.

To

The Secretary to the Government of India,

Department of Commerce,

SIMLA.

Sir,

I am directed to acknowledge the receipt of your letter No. 4415, dated the 5th July 1921, informing the Committee that the Government of India regret they are unable to accede to the request by Messrs. Manu Subedar & Co., for the revision of customs duties on raw materials imported into India for the manufacture of rubber goods. In this connection I am directed by my Committee to again urge on the Government of India the advisability of reconsidering the matter. The rubber industry is in its nascent stage and my Committee submit that any check on the free importation of raw materials will work adversely to initiative and enterprise. Raw materials like cotton and wool are imported free of duty and there is no reason why raw rubber should be charged a heavy duty. My Committee hope that the Government of India will reconsider the case and grant the revision of customs duties prayed for by the Company.

I beg, etc.,

S. M. MUZUMDAR,

Asstt. Secretary.

ANNUAL REPORT OF THE

No. 5019.

Government of India.

DEPARTMENT OF COMMERCE.

Simla, the 11th August 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Customs duty on raw materials for the manufacture of rubber goods.

Sir,

With reference to your letter No. T.—1142, dated the 25th July 1921, I am directed to say that the Government of India regret that they are unable to reconsider the orders passed on the representation of Messrs. Manu Subedar and Company on the above subject.

I beg, etc.,

J. B. TAYLOR,

Under Secretary to the Government of India.

APPENDIX LXX.*Sugar Bureau, Pusa.*

(Letter from the Secretary, Sugar Bureau, Pusa, to the Secretary, Indian Merchants' Chamber & Bureau).

Camp Bombay, 6th August 1921.

Dear Sir,

In accordance with the request which you made during our conversation on Saturday morning, I send you a list of seven headings with my explanatory notes relative to the obtaining of better figures and getting information regarding the sugar crops of the world. I should be most grateful if you could put these before your members and let me have a telegram to Pusa giving the substance of your opinions and suggestions in order that I may have the benefit of them when I discuss the subject with

the Director-General, Commercial Intelligence, Calcutta, on the 12th instant. I feel positive that had India had ready and proper information of the kind throughout the last year a great deal of loss would have been prevented.

Yours sincerely,

(Sd.) WYNNE SAYER.

LIST OF HEADINGS.

1. The necessity of better information as regards the Indian crop.
2. The necessity for ready and accurate information regarding the sugar crops in other parts of the world, (a) outturn, and (b) condition.
3. Details regarding consumption figures in the principal consuming countries of the world.
4. The method of obtaining this information.
5. The method of publication.
6. The maintenance of a Table showing the past figures of crops, yields and consumption throughout the world (together with carry over figures), a general reference and comparison.
7. Any other suggestions your members may have to put forward.

(Sd.) WYNNE SAYER,

Secretary, Sugar Bureau.

6-8-21.

The following explanatory notes of the headings suggested in my letter may seem to show the reasons for that suggestion:

1. Our information regarding the acreage of the cane crop in Bengal, Behar and Orissa and the Zamindari tracts of Madras is very inaccurate being based on a totally inefficient reporting agency. As some 20 per cent. of crop is collected by this it is obvious that the final figures for all India must suffer. I should advocate making every effort to enlist the assistance of non-official agency such as sugar factories and the big growers in these parts to endeavour to remedy as far as possible the present state of things.

There are three forecasts at present, August 15th, October 15th, February 15th. The first could be earlier for most of India and the last is too late to be of any real assistance and every effort should be made to bring about this improvement.

2. India's operations in foreign sugar are chiefly based on Java prices.

This year the contest in America between the refiners and the Cuba Finance Committee has kept the sugar market lifeless, as it was thought that if the refiners won the price of sugar would have broken hopelessly. This contest and the lowering of prices has undoubtedly affected the next Cuba crop and the effects of draught have also been felt on the European beet crop resulting in a sharp rise in prices in Java. It is in my opinion necessary that we should have early this and all such factors and their likely effect on prices here and in Java.

3. Much has been made of the so-called decreased consumption in America but examination of figures has proved that the refiners had allowed their stocks to drop to a dangerously low margin and were behind in the deliveries in order to enable them to pose as having no demand from the public. This resulted in a general drop in the price of raw sugar whereby allowed the refiners to buy cheap and sell sales at the expense of the public.

4. I would advocate correspondents in the different countries. This could be arranged on a basis of our informations against theirs.

5. I should advocate issuing the Indian Trade Journal for the general public and sending telegram to organised commercial bodies.

6. I would advocate the compilation and publication of such a Table in the Indian Trade Journal for general reference at any time. At present such a Table is only found in Messrs. Wallace & Grays publications which take a month to reach us from New York.

7. After discussion of the above six headings and the explanations I have given doubtless some further points will arise, in which case the Sugar Bureau will be only too glad to have such suggestions.

(Sd.) WYNNE SAYER,

T-1228.

10th August 1921.

Telegram.

To

The Secretary,
Sugar Bureau,
PUSA.

" Reference your letter dated sixth August 1921 Committee Indian Merchants' Chamber suggest following information be given by the Sugar Bureau. Item Collection of information regarding Indian Sugarcane crops from each Presidency and Native States and publication thereof in Indian Trade Journal. Item Collection of information regarding outturn, condition and prices at source and publication thereof. Item information regarding consumption of different countries in the world though of general interest may not be published. Item information regarding Sugar production, their prices, their markets would be available from Foreign Journals and Consular reports. Item the best course according to Committee would be publication of a Quarterly specially devoted to Sugarcane cultivation containing also above information besides papers contributed by the Department of Agriculture on Indian Sugarcane cultivation. Failing this Committee agree to the publication of the information in the Indian Trade Journal.

MEHTA-Secretary."

APPENDIX LXXI.

Taxation on Foreign Banks.

20th August 1921.

T-1269.

To

The Secretary,
Government of India,
Finance Department.

Sir,

I am directed by my Committee to convey to you that they have read with much concern the news which has been telegraphed with regard

to the failure of the Banque Industrielle des Chine. The serious losses in which the Chinese public must have been involved through the failure of a foreign Bank have raised in the minds of my Committee natural apprehensions. It is not unlikely that a similar contingency may arise with reference to some foreign Banks working in India in future. My Committee have noticed with serious concern the multiplication of the branches of foreign Banks in India during the last two years and they feel that there is need of some safeguards in this matter.

My Committee would like to be informed what safeguards, if any, have the Government of India fixed with reference to the working of foreign, *i.e.*, non-Indian Banks in this country. My Committee would go further and suggest that it would be a valuable source of revenue to the Government, if they devise some means of taxing these foreign Banks. Such arrangement, they are informed, obtained in other countries and there is no reason why in the interests of Indian Banks, as well as in the interests of Indian revenue, as well as for the protection of Indian depositors, some steps in this direction should not be taken by the Government in consultation with commercial bodies.

I am to request you that the Committee be favoured with Government's views on this subject at an early date.

I beg, etc.,

J. K. MEHTA,

Secretary.

No. 2087-S.

Government of India.

DEPARTMENT OF COMMERCE.

Simla, the 13th October 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Subject.—Proposed imposition of a tax on foreign banks in India.

Sir,

In reply to your letter No. T-1269, dated the 20th August 1921, I am directed to say that the question of legislation for the better control of

Banks (including Foreign Banks) in India is under the consideration of the Government of India. In this connection I am to refer you to your letter to the Government of Bombay No. T-365, dated the 15th January 1921.

2. The Government of India are unable to accept your proposal to impose differential taxation on Foreign Banks in India as it would be inconsistent with their policy of increasing banking facilities in this country.

I have, etc.,

J. B. TAYLOR,

Under Secretary to the Government of India.

APPENDIX LXXII

Currency Committee.

3rd August 1921.

Telegram.

To

The Secretary to the

Government of India,

Finance Department,

SIMLA.

Committee Indian Merchants' Chamber reiterate their suggestion in the matter of the Currency Committee that the Committee should have an Indian Chairman and a majority of Indians elected by Indian commercial and representative bodies and it should sit in India failing which Committee will not command confidence of public.

MEHTA-Secretary.

APPENDIX LXXIII.

Proposal for a public meeting under the auspices of the Chamber to support deputation of the Kenya Colony that was to wait on the Colonial Secretary in London.

No. 1752.

Bombay, 8th August 1921.

To

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

May I request you to place this letter before the Committee suggesting to convene this week a public meeting of the citizens of Bombay to support the demands of the Deputation of the Kenya Colony that is about to wait on Mr. Churchill in London this week? The matter is urgent and the meeting should be convened by Friday next the latest.

Yours truly,

L. R. TAIRSEE.

No. T.-1229.

10th August 1921.

To

L. R. Tairsee, Esquire,
BOMBAY.

Dear Sir,

With reference to your letter, dated the 8th inst., I am directed by the Committee to inform you that at their meeting held yesterday a resolution was passed authorising the Secretary to let the name of the Chamber be used if any two bodies out of the following agreed to convene a public meeting of the citizens of Bombay to support the demands of the deputation of the Kenya Colony:—

- (1) The Imperial Citizenship Association.
- (2) The Colonial Merchants' Association.
- (3) The Bombay Presidency Association.

Yours faithfully,

J. K. MEHTA,

Secretary.

APPENDIX LXXIV..

Economic Survey of Tanganyika Territory.

Bombay. 9th April 1921.

To

The Secretary.

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Dear Sir,

I beg to communicate herewith the following resolution of the East African Indian National Congress held in December last in connection with a proposed economic survey of the Tanganyika territory with a view to participation by Indians in its development.

2. The resolution runs as follows :—

“That in view of the forthcoming re-adjustment of the vast territory of Tanganyika, formerly known as German East Africa, by extensive sale of properties, moveable and immoveable, and its subsequent development by agriculture, colonization, immigration, trade and industries, this Congress earnestly requests the Imperial Indian Citizenship Association to send a deputation of some leading Indians representing the Indian Merchants' Chamber and Bureau, Mill-owners' Association, British Indian Colonial Merchants' Association, the Imperial Indian Citizenship Association, Grain Merchants' Association, the Native Piece-goods Merchants' Association, etc., to study the position of this territory for Indians at the spot from Indian point of view in all respects commercial and political and disseminate first hand information thus secured for final action in India.”

3. With reference to the above resolution, you are requested to let me know at an early date—

- (a) whether in the opinion of your Association it is possible and advisable for your Association to interest itself in the manner in which the resolution mentioned, desires ;—
- (b) whether your Association or any member of it individually is prepared to co-operate with this Association in responding to the request made in the said resolution ;
- (c) whether your Association will nominate any person as its delegate or whether you will agree to a joint delegation to be selected by a sub-committee of this Association assisted by a member each of each of the Associations which decide to participate in the delegation ;

and finally (d) what arrangement your Association would propose as to the cost of the expedition.

An early answer will oblige.

Yours truly,

J. B. PETIT,
For Self & Co-Secretaries.

No. T.-1208.

5th August 1921.

To

The Secretary,

Imperial Indian Citizenship Association,

BOMBAY.

Dear Sir,

With reference to your letter, dated the 9th April 1921, I am directed by my Committee to reply as under.

My Committee are of opinion that instead of sending a deputation of leading Indians to East Africa for the purposes detailed in your letter under reply, it would be preferable to send a representative duly nominated

by the various leading Indian Associations here who may be capable of studying the question from the Indian point of view and of submitting a comprehensive report thereon. If this suggestion meets with the approval of other Associations that may have been approached by you for their opinion my Committee are quite willing to contribute their quota towards the general cost for such deputation.

Yours faithfully,

J. K. MEHTA,
Secretary.

APPENDIX LXXV.

The Munitions Fraud Case.

No. T-1259.

17th August 1921.

To

The Secretary to the Government of India,

Department of Commerce,

SIMLA.

Sir,

I am directed by the Committee of this Chamber to address you with regard to the recent withdrawal of cases against the accused in what is known as the Calcutta Munitions Board Case. My Committee are concerned to note that the reason given by the Advocate-General was that if the prosecutions were not withdrawn certain Swadeshi concerns with which the accused were connected would be adversely affected. This is not the sort of help and spoon-feeding which is required at all or which should be deemed necessary in the case of Swadeshi concerns. If the accused are really guilty, as the Advocate-General seemed to imply and for which he said there was sufficient evidence, their continued connection with Swadeshi concerns would not be to the benefit either of these or of the country at large. If on the other hand the accused are really not guilty, as their Counsel emphatically urged, it casts a moral reflection on them and

is an injustice to them and the concerns with which they are connected that they were not allowed to prove their innocence. From whatever view point the action of the Government is seen my Committee can find no reasonable defence for such a serious and unprecedented step taken by them. My Committee would like to know which representative commercial bodies, if any, urged upon the attention of the Government the necessity of withdrawing these cases on the plea of their probable effects upon the Swadeshi enterprise.

These Munitions cases have excited a good deal of public interest specially and they but confirmed the rumours which were afloat alleging scandals in the transactions of the Munitions Board. The launching of prosecutions by the Government led the public to believe that all those vague rumours regarding the scandals would be thoroughly gone into. Unfortunately, the premature and amazing withdrawal of these cases by the Government instead of clearing the mystery has deepened it and instead of putting a silence once for all to the vague rumours has on the contrary increased them. The Bengal Chamber of Commerce has rightly observed that this step of the Government will lead the public to feel that there is in future to be one law for the rich and another for the poor, and that Government have placed on record their opinion that even justice must be sacrificed rather than commercial interests. The creation of such a feeling at the present juncture is especially damaging to the prestige of the Government, which my Committee are constrained to observe, has suffered to no small extent in the past from a wide departure from the canons of Justice and Equity with which the British Government is usually associated by the public.

My Committee will, on these grounds, welcome a communique from the Government giving their grounds for taking this extraordinary step.

I beg, etc..

J. K. MEHTA.

Secretary.

Government of India.
DEPARTMENT OF INDUSTRIES.

No. D.-91.

Dated Simla, the 16th September 1921.

To

The Secretary,

The Indian Merchants' Chamber & Bureau,

Old Telephone Buildings,

19, Bank Street, Fort,

BOMBAY.

Subject.—Munitions Board fraud cases.

Sir,

With reference to your letter No. T-1259, dated the 17th August 1921, to the address of the Secretary to the Government of India, Department of Commerce, I am directed to forward for the information of your Chamber and Bureau a copy of a press communique issued by the Government of India on the 28th August 1921. At the same time I am to forward a copy of a letter No. D-91, dated the 2nd September 1921, addressed to the Bengal Chamber of Commerce.

I have, etc.,

A. C. CHATTERJEE,

Secretary to the Government of India.

Press Communique.

The attention which has been directed, both in India and England, to the withdrawal by Government from the prosecution in what is known as the Munitions Fraud Case, makes it incumbent on the Governor General in Council to state the circumstances attending that withdrawal, and at the same time to declare his attitude regarding certain aspects of the case, and in particular the reason assigned in Court for the action taken.

THE FACTS OF THE CASE.

2. The main facts on which the prosecution was initiated have been prominently before the public and do not require restatement at any length.

Four persons, namely, C. S. Waite, Rai Bahadur Sukhlal Karnani, J. C. Bannerjee, and H. Stringer, were implicated; the charge was one of conspiring to cheat in regard to the supply of a quantity of wire rope to the Munitions Board in August 1918. The original decision to prosecute these four persons was arrived at by the Board of Industries and Munitions in the summer of 1920; that decision was taken with the cognisance of the Government of India. The actual inception of the prosecution in India was delayed by the proceedings for the extradition of C. S. Waite; and though orders to this effect were eventually secured, his transfer to India has up to date been delayed owing to the condition of his health. While the extradition proceedings were still in progress, a certain measure of sympathy had manifested itself in favour of the accused among some sections of the public, particularly in Calcutta. Sukhlal Karnani is the Managing Director of the Karnani Industrial Bank, an institution which is understood to finance a number of minor industrial undertakings; J. C. Bannerjee is also connected with various industries in Bengal. A number of meetings were held, at which it was represented that the prosecution of these two accused would involve serious consequences to indigenous industries in Bengal; much publicity was given to the fact that one of them had made considerable gifts to war charities and that his generosity in this respect had been recognised by Government.

3. The Board of Industries and Munitions ceased to exist as a separate body in February 1921. While many of its functions were taken over by the newly-constituted Department of Industries, the work connected with the closing of the war commitments of the late Munitions Board (among which this case was included) was by a resolution of the Government of India allotted to a separate temporary organisation under the Chief Controller, Surplus Stores, responsible to the Member in charge, the Hon'ble Sir Thomas Holland. The case did not, therefore, come within the scope of the regular proceedings of the Industries Department. Prosecution having once been decided on, the arrangements necessary for the conduct of the case did not call for any further reference to the Governor-General or the orders of Council; and it was not

until the developments about to be described occurred, and which resulted in a modification of the original decision, that the ordinary rules of procedure necessitated such further reference. The failure to seek these orders is a regrettable fact in the history of this incident ; and the progress of the case at this stage must be given in some detail. Sir Thomas Holland, in the full and unreserved explanation of his conduct of the case which he has rendered to the Governor General, states that up to June last he was himself convinced of the desirability of continuing the prosecution, having discounted the agitation in favour of its withdrawal. In June, however, during a visit to Calcutta, he was informed that the Karnani Industrial Bank was already suffering seriously in credit owing to the prosecution, and was furnished with details showing heavy withdrawals stated to be due to the same cause. He was also informed that a number of the Directors had resigned their seats on the Board, that the Bank financed no less than one hundred and twenty Indian industrial concerns, and that if it were unable to continue to finance them, they would fail, with all the attendant consequences of distress and discontent. On the question of fact it may be stated here that the Bank, which was registered in 1919, has an authorised capital of five crores, of which three have been issued, but only sixty lakhs paid up. Sir Thomas Holland did not however at that stage see sufficient reason to change his view of the case. Sukhlal Karnani had at the time a contested claim against Government amounting to over two lakhs of rupees for the supply of munitions unconnected with the present case, and the Hon'ble Member had made it clear, to those who approached him in the matter, that Government would not consider the question of withdrawal so long as a suit for these claims was threatened.

4. Early in July intimation was received from the solicitors of Sukhlal Karnani withdrawing " without prejudice, " but at the same time without conditions, the civil claim preferred by him, and soon after the receipt of this intimation the Hon'ble Member called for a fresh appreciation of the situation from the Deputy Inspector General of Police who had been placed on special duty at Calcutta for the investigation and conduct

of the case. He was consulted on the advisability of withdrawing from the prosecution of Sukhlal, and as to the consequences which such withdrawal would involve in regard to the other accused in this and similar cases then pending; but he was informed that it was thought unnecessary, at that stage for him to consult the Counsel on the matter. The Counsel in charge of the case on behalf of Government was the Advocate General, Bengal, with whom was associated Mr. C. Ross Alston, Barrister-at-Law, Allahabad. The reply to the letter while dealing with the general considerations above indicated called attention to the conclusion at which the Deputy Inspector-General had himself now arrived, and which he stated to be also the opinion of Counsel, that the case as now developed could not be disposed of by a Magistrate, but would in all probability have to take the more protracted and in consequence far more costly course of a Sessions trial. This fact inevitably introduced some element of uncertainty as to the issue, more particularly in a complicated case of this description. The circumstances seemed to Sir Thomas Holland to point to the advisability of some reconsideration of the case, and he therefore consulted two of his colleagues on the Council. It is not consonant with the practice of the Government of India or with the constitutional position on which that practice is based, either to disclose the identity or to publish the individual views of the members of Government who have taken part in its proceedings. But it is fair to state on this occasion that both of the colleagues consulted by the Hon'ble Member agreed to the withdrawal, though not on wholly identical grounds. It should further be noted that at this stage of the proceedings the Chief Controller, Surplus Stores, was absent on tour, and as the case was due for hearing on the 30th July, it was necessary for Sir Thomas Holland to deal with the matter himself without the advice of the officer best acquainted with the preceding papers. In doing so he made it clear that he was in his own mind much influenced by the information he had received regarding the possible effect on the concerns connected with the Industrial Bank which might ensue from the failure of the latter. If the prosecution succeeded, he thought that Government might suffer from the sinister imputation that it had deliberately done harm to Indian industrial development by striking at this Bank; while if it even-

tually failed, Government would have to face the additional criticism that it had unjustifiably wasted public money. In any case he considered that a protracted trial would disturb the public mind and create many additional enemies of Government.

5. Sir Thomas Holland thereupon decided to withdraw from the prosecution, and an official letter was on the 21st July addressed to the officer in charge of the case at Calcutta stating that the Government of India, having been made aware that the prosecution might seriously affect widespread commercial and industrial interests, had decided that it would be in the public interest to withdraw from it. He was accordingly directed to instruct the Public Prosecutor to present the necessary application to the Court for permission to withdraw on the grounds above-stated. An adjournment of the case having been secured, a consultation took place between the Deputy Inspector-General of Police and the two Counsel in Calcutta; it will be clear that the withdrawal had been announced to Counsel as a decision already arrived at, and the consultation referred chiefly to the manner in which that decision should be announced. It is proper to state also that the Advocate-General has subsequently announced that had he been consulted, he would not have advised withdrawal. No copy of the precise statement which Counsel finally agreed to make in Court was received in Simla, but it should be noted that the officer in charge of the case had forwarded a letter dated the 1st of August from the Advocate-General in which the latter stated his desire to make it clear that the prosecution was not withdrawing because it could not prove the case. He had advised the prosecution, and in justice to himself and to the Police who had worked on the case, he thought that something of the sort should be said in Court. He requested that a copy of his letter should be sent to Simla and instructions asked for by wire. The telegraphic instructions issued to the Deputy Inspector-General on the 4th of August, which may be taken as the final order relating to the case, may be quoted in full—
 "Government agree to withdrawal on the ground that prosecution will result in widespread financial disturbances among many small industrial concerns, but, as Government may be challenged in Assembly regarding

cost of proceedings to date, it seems desirable, unless Counsel definitely advise the contrary, to make the fuller explanatory statement of case, as such statements cannot be made after Magistrate permits withdrawal." The allusion to the fuller explanatory statement of the case was intended to refer to a statement of the facts drafted by Mr. Ross Alston. Government at a subsequent date received a copy of the full instructions given to the Advocate-General on the early morning of the 5th August (the date of the adjourned hearing) by the Deputy Inspector-General after consultation with Mr. Ross Alston. This also may be quoted in full, since it will be seen that it employs a somewhat different terminology from that used in the order issued from the Department. "The Government of India desire that the case should be opened with sufficient detail to show the strength of the prosecution, that it should be stated that the Government of India have been informed from various sources that if the prosecution of Kamani and Banerjee were proceeded with, widespread commercial and industrial interests would be seriously affected by reason of the association of these persons with various business concerns, many of a swadeshi character. Influenced by this consideration, the Government have come to the conclusion that in the interest of the public it is not advisable to proceed with the prosecution against Sukhlal and Banerjee. The Government consider that it is preferable that these men, though guilty, should escape punishment than that a large number of innocent persons should suffer loss." It is to be regretted that the telegram despatched on the 4th did not deal definitely with the passage above mentioned in the Advocate-General's letter of the 1st August, in which he expressed his desire to emphasise the fact that Government was not retiring from the prosecution because it could not prove its case.

CONCLUSIONS OF THE GOVERNOR-GENERAL IN COUNCIL.

6. The Governor-General in Council has now set forth the material facts relating to this case and to the circumstances under which the prosecution was withdrawn. He regrets, however, that it is impossible to confine the treatment of the matter to a simple recital of the facts. He considers that it is incumbent on Government to state whether it accepts

the responsibility for withdrawal from this case and in particular for the ground put forward for such withdrawal. He further considers it necessary to examine the question whether the existing procedure of Government is such as to provide an adequate safeguard against a purely departmental decision in a matter of public importance such as that under discussion. Finally, he thinks it necessary to state whether apart from the merits of the decision arrived at, Government is prepared to endorse the action taken in Court, which resulted in a strong expression of the guilt of the accused, in spite of the fact that it was intended to withdraw from the prosecution.

7. The preceding statement of the facts will have made it clear that the withdrawal from the prosecution cannot be treated as the result of a considered decision by the Governor-General in Council. Sir Thomas Holland has from the outset unreservedly accepted full responsibility for the action taken; and has in particular expressed his deep regret at the omission to invite the attention of the Governor-General to the case during the period of its reconsideration or to take his instructions before issuing orders in modification of the previous decision. The circumstances in which Sir Thomas Holland was constrained to come to an urgent decision, in the absence of the Chief Controller, Surplus Stores, have already been explained; and it must in justice be added that he was at the time seriously overtaxed with urgent work. Pending a reallocation of the departmental duties attached to the old Commerce Department and the new Industries Department, he had borne the undivided burden of both Departments since the departure of Sir George Barnes. The necessary reallocation of duties has since been carried out.

8. As the decision to withdraw has been taken, and is irrevocable, it is now useless to discuss the question whether Government should or should not in any circumstances have withdrawn from the prosecution. Different opinions may not unreasonably be held as to the course which Government should pursue when it realises that a costly prosecution may fail, for reasons inherent in the case itself, at any stage in the judicial proceedings. But while the Governor-General in Council agrees that circumstances may render it justifiable to withdraw a prosecution on a

reasonable doubt arising as to the attitude which a Court may assume on the facts placed before it, he desires to make it clear that it is impossible to justify withdrawal on the specific grounds given in this case. It is the more necessary to emphasise this, as an implication has been drawn from this incident that even where proof is believed to exist of palpable fraud, Government will be prepared to save the offender from prosecution on the ground that a section of the financial or commercial community will suffer from his conviction. This is a doctrine so inconsistent with the principles on which justice should be administered, as to call for the most emphatic repudiation from Government. In particular, Government must take the strongest exception to the suggestion that it may be preferable that men, though guilty, should escape punishment rather than that a large number of innocent persons should suffer loss. It is seldom that the conviction of an offender fails to involve loss or suffering to innocent persons, and a consideration of this nature cannot be permitted to influence the course of justice.

9. The second of the points noted for mention, is the question whether this incident has been rendered possible by a defect in system which calls for remedy. The Governor-General in Council has carefully reviewed the rules regulating the procedure of the Government of India and is of opinion that no such defect exists. The Statutory rules framed under the Government of India Act require that every case, which in the opinion of the Member in charge of the Department to which the subject belongs, is of major importance, shall be submitted by him to the Governor-General with the orders proposed by him. An additional safeguard is provided through the position occupied by the Secretaries to the Government of India, who while they are charged with the duty of seeing that the Rules of Business are duly observed, are at the same time given a status independent of the Member, with the right of referring at their discretion any case at any stage for the Governor-General's orders. As has been explained, no responsibility attaches to the Secretary in the Industries Department in this case, since by virtue of the Resolution passed in February 1921 it did not come within the scope of the proceedings of that Department, but the case was entirely exceptional in that respect.

These are the safeguards, and the Governor-General in Council considers them fully adequate; but no rules can provide against human error; and that the Hon'ble Member in this case committed an error of judgment in failing to submit the matter to the Governor-General he has himself admitted.

10. There remains the final point. The circumstances in which an assertion was made in Court of the guilt of the accused in this case have already been explained. It is, the Governor-General in Council believes, entirely contrary to the usage observed in such cases, and it is, he strongly maintains, contrary to the spirit of justice that a definite assertion should be made of the guilt of the accused when it is intended to withdraw from the prosecution, and thus to deprive him of the opportunity of testing or rebutting the evidence alleged to exist against him.

Copy of a letter No. D-91, dated Simla, the 2nd September 1921, from A. C. Chatterjee, Esq., C.I.E., I.C.S., M.L.A., Secretary to the Government of India, Department of Industries, to the Secretary, Bengal Chamber of Commerce, Royal Exchange, Calcutta.

Subject :—Munitions Board fraud cases.

In reply to your letter No. 1846-1921, dated the 13th August 1921, I am directed to forward for the information of your Chamber a copy of a press communique issued by the Government of India on the 28th August 1921.

2. I am to say with reference to paragraph 5 of your letter that, while it is true that the Chamber of Commerce was not consulted, nor was anything known to the Members of your Committee, you will doubtless realise that, in the circumstances of the case, it was impossible to consult them formally. It is also impossible for the Government of India to disclose the sources of the information upon which the Member in charge of the Department of Industries acted, inasmuch as such information was given in confidence.

3. The Government of India hope that the full statement that they have published will allay the fears which have been expressed by your

Chamber to the effect that the Government of India have given countenance to a doctrine inconsistent with the principles on which justice should be administered, and they trust that their emphatic repudiation of any such doctrine will bring this incident to a close.

T-1352.

7th September 1921.

To

The Secretary to the Government of India,
Industries Department,
SIMLA.

Sir,

I am directed by my Committee to address you with reference to the Press Communique issued by Government, dated the 28th August, regarding the prosecution in what is known as the Munitions Fraud Case. My Committee note with satisfaction the just and high-minded declaration issued by His Excellency the Governor-General in Council, and beg to share his hope that the existing safeguards in the conduct of the business of His Excellency's Council will not prove inadequate in future to prevent a recurrence of similar unfortunate episodes. The "error of judgment" in this particular case has been not only very grave, but has had the most pernicious effect of terminating the prosecution, and thereby of interfering with the ordinary course of justice.

My Committee regret to hear that Government consider that as the decision to withdraw has been taken, and is "irrevocable", it is useless to discuss the question whether Government should or should not, in any circumstances, have withdrawn the prosecution. Here was a case in which Government from the very beginning considered that there was ample evidence to prove the guilt of the accused, (it would have been only fair and correct if the cases had been withdrawn for want of sufficient evidence); and it is unfortunate in the extreme that having with them sufficient proofs,—without which the prosecution would have never been launched,—such a decision should have been arrived at, as practically to

reduce the administration of justice in this country into a subordination of the law to the judgment of an individual member of Government. My Committee venture to submit that, an error of this magnitude ought not to be considered as beyond remedy ; and that the sovereignty of the law of the land should remain inviolate, as much in public as in individual affairs. If the law is to remain the supreme authority in the administration of the affairs of this country, it stands to reason that an individual officer's "error of judgment" should, under no circumstances, hamper the course of justice or reduce its sovereignty and sanctity. The law cannot, and does not, allow a wrong to pass unchallenged, or a crime unpunished. My Committee are not aware of any provisions in the Code of Criminal Procedure compelling a decision to withdraw a prosecution, before the charges are framed, to be final and irrevocable. If there is any such provision, giving a case withdrawn the character of *res judicata*, it would have been more correct on the part of the Government to have based on that letter of the law their decision not to continue the prosecution. In that event, however, the public have a right to demand that such loop-holes in the law should be forthwith removed. If, on the other hand, Government admit that no such provision exists then, there would appear to be no just cause for the attitude taken up to stand by the withdrawal. And the public can only infer that it is not the law that prevents a resuscitation of the case, but the prestige of Government not to alter a decision, once made and however erroneous. Would it not then amount to this that a decision of the Executive should have vested with it a sanctity over and above and regardless of the sanctity of the law? My Committee consider it dangerous in the extreme that the Executive in India should be considered as possessing an authority over-riding the authority of the law. For, what protection is there left to the citizen, if, in the last resort, there is nothing for him but the mercy of an all powerful and unquestionable Executive? My Committee would, therefore, urge Government to reconsider their decision in the matter of the withdrawal of the prosecutions, and endeavour to vindicate the law even at this stage. The matter is one which is vitally bound up with public safety and business morality; and in view of the alleged magnitude

of the frauds, steps should be taken to subject them to the scrutiny and verdict of the law—not merely with the object of punishing the guilty, but as a deterrent to prevent the occurrence of similar frauds in the future.

If Government, however, still consider that the prosecution cannot be resumed, once it is withdrawn, and are satisfied that the law so demands, my Committee would suggest the appointment of a representative Commission presided over by a member of the Judiciary, to enquire under suitable conditions of safety for informants and witnesses, not only into the merits of this particular case, but generally into the conduct of affairs of the Munitions Department in its relation to the purchases of supplies during the war. For, my Committee feel that there is a good deal of suspicion in the public mind, that such inquiry might reveal the existence, not only of an isolated case of this type, but perhaps of a larger organisation that systematically defrauded the public Exchequer. Government will recognise how deeply the public mind has been agitated; and, my Committee consider that it behoves them, even at this stage, to appease public opinion by a thorough enquiry into the affairs of a Department whose efficiency and integrity have been called into question.

My Committee recognise that Government are under no legal obligation to publish the names of those members in charge of the Council who were consulted by the Hon'ble Member in charge of the Industries and Munitions Departments, nor the opinion that they expressed. But in the matter of this kind, where the course of justice has been thwarted; where the public conscience has been so aroused; where the business morality of Government Contractors has been challenged and shown in such a lurid light; and where indignation at, and condemnation of, the withdrawal of the case has been so general, the least that Government can do is by frankness on their part to inform the public of the exact circumstances in which the decision was taken, and to fix on all those members of the Government, who were a party to it, the full responsibility for the action taken. In particular, my Committee desire to know if the Law Member of the Council was consulted; and, if so, whether the action taken had the approval of the supreme Law Officer of the Crown in the country. My

Committee do not wish to interfere with His Excellency's supreme discretion in the matter, but feel that the acute public feeling on this subject could be allayed if the arrangements made for avoiding the recurrence of a similar miscarriage of justice in future were published.

My Committee trust they will not be misunderstood as questioning His Excellency's supreme discretion in a matter of this kind. But they believe that the acute public feeling in this matter could well be allayed by publication of the arrangements made for avoiding the recurrence of a similar miscarriage of justice in the future. They have read, not without some disappointment, the reference to this subject in His Excellency's address to the supreme legislature. While the public will no doubt be relieved to hear that justice has been done to the Executive Administration of the country by the resignation of the Hon'ble Member whose "error of judgment" wronged it—for, otherwise Ministerial responsibility, more so in a limited form of representative Government, would cease to have any meaning—as far as the case itself is concerned, the feeling continues acute and general and unallayed that the law still remains to be vindicated, in the interests of the public, irrespective of whether the accused are ultimately found guilty or not. The matter is one in which public confidence has been severely shaken, and my Committee venture to hope that no steps will be spared to resuscitate that confidence in the proper exercise of the powers vested in the Members of Government, so that public interests are adequately safeguarded, and the law of the land is not reduced to the helpless position of being flouted and thwarted and treated in the manner in which it has been done.

I beg, etc.,

J. K. MEHTA,

Secretary.

ANNUAL REPORT OF THE

Government of India.

DEPARTMENT OF INDUSTRIES.

No. D-91.

Dated Simla, the 14th October 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

Old Telephone Buildings,

19, Bank Street, Fort,

BOMBAY.

Sir,

I am now directed to reply to your letter of the 7th September on the subject of the press communique issued by the Government of India in regard to what is known as the Munitions Fraud case.

2. Your Committee first urges the Government of India to reconsider their decision to treat the withdrawal from the prosecution in this case as final and irrevocable. It is, of course, true that, as pointed out by your Committee, there is no bar in law to the institution of fresh proceedings against the accused in the case under reference. But, the Government of India are confident that, on reconsideration, your Committee will agree in their view that such fresh proceedings could not properly be instituted. The circumstances in which the prosecution in the original case was withdrawn have been the subject of so much comment in the public press, and the merits of the case have been so fully discussed, that the Government of India must adhere to their decision that it would not be proper to resume the prosecution.

3. I am next to refer to the suggestion of your Committee that, in the event of the decision not to institute fresh proceedings being maintained, a representative Commission should be appointed to inquire not only into the merits of this particular case, but generally into the conduct of the affairs of the Indian Munitions Board in its relation to the purchase of supplies during the war. A similar suggestion was made by Sir Thomas

Holland himself, and, since the Government of India recognise that public feeling has been greatly stirred by the withdrawal of the case against Messrs. Karnani and Banerji, they have given the proposal their most careful consideration. At the same time, I am to express their regret that they are unable to accept the proposal.

4. I am, in the first place, to refer to the wide range of the activities of the Indian Munitions Board. In this connection, I am to enclose, for the information of your Committee, an extract, paragraphs 34—60, of a report on the organisation and work of the Indian Munitions Board from its establishment on the 1st March 1917, till the cessation of hostilities in November 1918. A copy of Appendix I to this report which gives an abstract of the expenditure incurred by the Board is also enclosed for your information. These documents will show that an enquiry into the affairs of the Board, at this distance of time, would be a task of great magnitude and complexity. It would inevitably be very protracted, and the Government of India are unable to see what useful results would be attained. It is known that mistakes were made; it is feared that some cases of fraud occurred. Mistakes and possibility of fraud were inevitable in the circumstances in which the Board worked. The Board existed for the supply of armies in the field; it was organised to meet a grave emergency, and its activities were constantly expanding; it worked throughout at the highest pressure; and its purchases were made in a very contracted market. Such circumstances are not likely to be repeated, and consequently, the lessons gained from experience of this kind would be of little value for the purposes of future guidance. From one point of view, the Government of India would welcome an enquiry; for they are confident that it would establish the fact that the savings effected by the Board in its purchases of railway materials, textiles, jute goods, tanned hides and many other articles were incomparably greater than any loss occasioned by fraud or faulty methods in any of the branches of its work. Nevertheless, they are forced to the conclusion that an enquiry on the lines proposed would not lead to results of appreciable value, in the least proportionate to the expenditure of time and money which would be involved.

5. There is, however, a stronger objection to the proposed Commission of enquiry. I am to remind your Committee that the activities of the Indian Munitions Board in the purchase of these stores during the period referred to above, have been fully explored by the police investigations which have been proceeding for a period of two years. As a result of these investigations, certain criminal proceedings have been commenced, which are still *sub judice*, and it is possible that others may follow. It appears to the Government of India that it would be neither useful nor proper to appoint a Commission of enquiry to investigate activities which are still the subject of judicial proceedings.

6. One further possibility remains to be examined. Your Committee will see, in the Audit and Appropriation Reports of the Auditor General for the years 1918-19 and 1919-1920, that the accounts of the Indian Munitions Board have been duly audited. In 1918, moreover, the Audit Department put in its own accountants in the various store depots of the Board, and it was from information gathered by these accountants that some of the criminal cases in Calcutta originated. It has been suggested that a further special audit of the transactions of the Board should now be instituted. But, here again, the Government of India have been forced to the conclusion that the suggestion is not a useful one. The functions of audit in respect of the purchases by the Indian Munitions Board were :—

- (1) to see that the rates passed were approved by a competent officer of the Board ; and
- (2) to see that the bills paid were supported by a document signed by a responsible officer of the Board, certifying that the stores were of the proper quality, and that the quantity billed for had actually been received. Audit also watched that proper recoveries were made from contractors in cases where they were supplied with Government materials, and the contract specifically provided that recoveries will be made from them in respect of such materials,

The frauds which have come to light are connected mainly with false certificates given in support of the quality and quantity of the stores billed for. A proper investigation into the matter should accordingly be directed to the examination of the quality and the quantity of the various articles purchased by officers of the Indian Munitions Board : and, from a practical point of view, it would be impossible to undertake this enquiry, as the articles have either been consumed, or sold as surplus stores. Moreover, the investigation is not one which properly falls within the province of audit.

7. Finally, with reference to the request of your Committee that the names of those members of Council who were consulted by the Hon'ble Member in charge of the Department of Industries should be published, I am to say that the Government of India can only repeat what they have already stated in the communique of the 28th August 1921, that it is not consonant with their practice or with the constitutional position on which that practice is based, either to disclose the identity or to publish the individual views of the members of Government who have taken part in their proceedings.

I have, etc.,

A. H. LEY,

Joint Secretary to the Government of India.

*Extracts from the "Report on the Organization and Work of the
Indian Munitions Board."*

VII.—SUMMARY OF WORK DONE.

34. It is with respect to some subjects only of those with which it has been concerned that the Munitions Board can give complete figures regarding India's contribution to the war. These are the subjects, the organizations of which were taken over in their entirety, with their records, by the Board after its formation; they comprise :—

- (i) Ordnance factories.
- (ii) Hides and leather.

- (iii) Railway track, rolling stock and plant.
- (iv) Clothing.

As regards other services, the Board's information is limited to the work done directly under its own control; the heads regarding which information will be given are:—

- (v) Textiles.
- (vi) Boots.
- (vii) Tents.
- (viii) Jute Goods.
- (ix) Rivercraft.
- (x) Timber.
- (xi) Miscellaneous engineering plant and stores.

To these particulars may be added an indication of the ways, other than by arranging direct supplies of plant and materials in which use has been made of the Board's organization in furthering war interests: special mention may be made in this connection of the work comprised in the —

- (xii) Scrutiny of priority applications for assistance in obtaining goods from the United Kingdom and the United States of America.
- (xiii) Scrutiny of Government indents on the India Office.
- (xiv) Control of export of certain materials.
- (xv) Control of the distribution of the products of the Indian iron and steel works.
- (xvi) Control of the distribution of the products of the Indian cement works.
- (xvii) Control of public dealings in certain engineering materials.
- (xviii) Control of ship repairs.

35. The following paragraphs deal briefly with each of these heads as numbered above. Care has been taken to distinguish between the information which relates to the entire duration of the war, up to the date

to which this report has been prepared, and that which, for the reasons given above, refers only to the period of the Munitions Board's own activities. An abstract of the cash expenditure of the Board, which amounted to more than 38½ crores of rupees at the end of October 1918, will be found in Appendix No. 1.

(I) ORDNANCE FACTORIES.

36. Particulars cannot be given in a published document of the output of the Government Ordnance Factories. This was greatly increased during the war, and measures were adopted to utilize existing resources to the best advantage by restricting the several factories as far as practicable to the production of those lethal munitions of war for which their equipment was specially suitable, while developing the manufacture of more miscellaneous war stores in private and other workshops. Initially such outside manufacture was confined to the near neighbourhood of the Ordnance Factories, but in 1916 steps were taken to extend it systematically. The Ordnance Factories, with the assistance of the inspection section, supplied patterns, drawings and specifications. Instructions to guide manufacture were drawn up, and, as far as possible, tuition was given in methods of manufacture. In many cases the Ordnance Factories had to make up and supply jigs, special tools and fittings, and provide the raw materials. This policy, of course, involved the surrender of the bulk of the large and recurring orders and all the simpler manufactures, but it set free the Ordnance Factories plant to meet specially urgent orders and the more specialized demands.

37. Hostilities ceased before the large scheme of extensions to the Ordnance Factories, initiated by Sir Frederick Black of the British Ministry of Munitions, could be completed. These extensions will shortly increase very greatly the capacity of this country to manufacture some of the more specialized munitions of war.

(II) HIDES AND LEATHER.

38. The Indian tanning industry has made an important contribution towards the war by the supply of rough-tanned cow hides—known as East

India kips—from Madras and Bombay. East India kips have been very largely utilised in the manufacture of upper leather for army boots, and since August 1916, all available supplies have been purchased in India for the War Office and shipped direct to London. Between 60 and 65 per cent of the hides shipped were suitable for army work and of the balance a proportion was utilised in the manufacture of war-time standard boots in England. The growth of the trade during the war and the value of the contribution made can be seen from the following figures of shipments.

The War Office purchases included also tanned buffalo hides and tanned calf skins.

SHIPPING OF TANNED HIDES & CALF TO THE UNITED KINGDOM.

	Quantity in cwts.				Value in thousands of rupees.			
	Cow.	Buffalo.	Calf.	Total.	Cow.	Buffalo.	Calf.	Total.
1914-15	189551	24371	10114	224036	21525	2280	1202	25007
1915-16	246366	23894	7173	277433	28299	2143	801	31243
1916-17	216109	31910	12801	330820	40363	3569	1988	45920
1917-18	346044	18073	6095	370212	47084	1838	816	49738
1918-19*	272614	3917	3824	280355	39093	327	535	39955
Total.	1340684	102165	40007	1482856	176364	10157	5342	191863

The total value of this contribution during the war up to end of October 1918 has been £12,791,000.

In addition to supplies of tanned hides India has furnished large quantities of raw hides to the British War Office and to the Italian Government. Since June 1917, these supplies have been purchased by the Indian Munitions Board and shipped to London and Italy.

*7 Months, April to October.

The following figures show the extent of these raw-hide shipments since 1914-15:—

SHIPMENT OF RAW HIDES (INCLUDING CALF) FROM
BRITISH INDIA TO THE UNITED KINGDOM
AND ITALY.

	To United Kingdom.		To Italy.	
	Quantity in cwts.	Value in thou- sands of rupees	Quantity in cwts.	Value in thou- sands of rupees.
1914-15	139,029	8,535	72,199	5,763
1915-16	89,166	6,537	383,360	32,919
1916-17	144,789	11,910	172,871	15,128
1917-18	176,847	12,853	156,231	11,652
1918-19*	133,000	7,966	92,671	6,499
Total.	672,831	47,801	877,332	71,961

* 7 months, April to October.

The value of these raw-hide shipments during the war is, therefore, approximately £7,984,000; and, taking tanned hides and raw hides together, the contribution of India in exports of hides, raw and tanned, during the war exceeds £20¾ millions.

In connection with the tanning of War Office hides it was found necessary to organise a system of control over tanstuffs in Southern India particularly Avaram (*Cassia auriculata*), the principal tanstuff used.

(III) RAILWAY TRACK, ROLLING STOCK AND PLANT.

39. From the beginning of the war up to the 31st October 1918 India provided the following for overseas forces:—

	Mesopotamia.	Egypt.	East Africa.	Aden.	Bushire.	Total.
Railway track (miles).	1,031	555	200	18	51	1,855
Locomotives.	164	...	55	3	7	229
Vehicles.	5,017	...	740	85	144	5,986
Bridging mate- rial.	8,783 lin. ft.	...	3,700 lin. ft.	50 lin. ft.	540 lin. ft.	13,073 lin. ft.

(IV & V) TEXTILES AND CLOTHING.

40. As the army requirements of woollen and worsted goods, under war conditions, exceeded the maximum capacity of the five existing woollen mills in India, it was necessary to import a certain proportion of these materials from home. But the mills in India have been utilised to their utmost, all five having been under engagement to supply the whole of their output to the Board, and to work both day and night. In addition, arrangements were made to develop the supply of blankets from jails and from groups of hand-weavers, while Kashmir and other centres of woollen hand-weaving were exploited to provide puttoo for use as warm linings to followers' garments. The following woollen goods of Indian manufacture have been provided since the duty of supply was undertaken by the Board:—

Serge and great coat cloth	...	...	...	1,600,000	Yards.
Puttoo and linings	...	...	...	2,000,000	"
Flannels	...	...	...	1,500,000	"
Putties	...	...	...	1,500,000	Pairs.
Socks and mittens	...	...	...	2,000,000	"
Jerseys comforters, etc.	...	...	...	600,000	
Blankets	...	...	...	1,900,000	

The whole of Government's requirements of cotton goods, with the exception of mosquito netting and cotton sewing thread, were supplied from the products of Indian manufacture; the following figures of purchases from July 1917 to October 1918 show the extent of these supplies:—

Dyed drills, turban cloths, etc.	...	...	67,500,000	Yards.
Grey and bleached cloths,	...	...	15,000,000	"
Towelling	...	...	3,000,000	"
Flannelette	...	...	2,250,000	"
Webbing and tape	...	...	43,000,000	"
Sheets, mattress cases, pillow covers etc.	...	...	1,600,000	
Kit-bags (cotton canvas)	...	...	2 500,000	"
Kullahs (for turbans)	...	...	1,500,000	
Cotton blankets	...	...	1,000,000	

Rezais (quilts)	...	...	...	...	600,000
Durries and rugs	...	...	...	...	250,000
Cotton rope...	...	...	...	...	10,000,000 fathoms
Yarn and thread	...	...	...	...	1,000,000 lbs.

As regards manufactured articles of clothing the output of the Army Clothing Department for the pre-war years 1912-13 and 1913-14 was 551,847 and 477,821 garments, respectively. During the period August 1914 to March 1915, the number was 1,269,393. In 1915-16, India began to provide clothing for various Expeditionary Forces, and that year the output rose to over 3 million garments. During the following year, it continued to increase and reached its maximum in June 1917, when the Department turned out about 2,000,000 garments, *i.e.* about 45 times the average monthly supply before the war. From that date, the rate of output has settled down to approximately $1\frac{1}{4}$ millions of garments monthly. The following are actual figures for the whole period of the war:—

August 1914 to March 1915	...	...	1,269,393
April 1915 to " 1916	...	...	3,181,298
" 1916 to " 1917	...	...	12,084,736
" 1917 to " 1918	...	...	16,944,398
" 1918 to October 1918	...	...	8,440,408

Total output of garments 41,920,233

It may be added that 775,000 gross of buttons and 700,000 sets of shoulder titles, badges, etc., all of Indian manufacture, have also been supplied.

(VI) BOOTS.

41. It has been possible, with difficulty, to meet the greatly increased demands for army boots, pending the completion of arrangements which are being made for the extension of manufacture in India. From July 1917 to October 1918, the Board supplied a total of 2,200,000 pairs of boots against army demands.

(VII) TENTS.

42. The Board has been supplying tents of all descriptions to the Ordnance Branch since the beginning of 1918. To meet the very great increase in military requirements, it became necessary to supplement existing sources of supply. A Government tent factory was established at Fatehgarh in April 1918, and a second Government tent Factory, under private management commenced work in Madras in October 1918. New tent factories were started by private agency in other centres, and were supplied by the Board with the necessary materials. The total number of tents of all descriptions delivered up to the end of October 1918 amounted to 148,000, representing approximately thirty millions yards of dosuti, the cloth of which they are made.

(VIII) Jute goods.

43. Large savings were secured to Government by centralising the purchase of jute goods in a branch directed by a Controller who was an expert in the jute trade. His operations comprised the supply of army requirements in India and Mesopotamia, as well as arranging for purchases on account of Australia and other British possessions overseas. It is estimated that during the first six months after the formation of this Branch, in February 1918, savings of more than Rs. 2 crores were made ; this was rendered possible by the consolidation and forecasting of demands and by taking expert advantage of favourable market conditions.

The following statement shows the principal supplies made up to the 31st October 1918:—

Articles.	Quantity.	Articles.	Quantity.
Atta bags ...	6,302,845	Sheets, ground ...	32,636
Barley bags ...	3,549,140	„ others ...	1,038
Dhal bags ...	1,401,100	Jute, waste ...	196Tons.
Sugar bags ...	300,000	„ rope ...	48,673,785 Yds.
Sand bags ...	8,078,500	Hemp rope ...	737,270 „
Heavy "C" cloth	1,711,233Yds.	Saddlery nets ...	6,000
Heavy "C" pockets	539,000	Canvas ...	1,046,281 Yds.

Heavy "C" bags	4,673,708	Tanks	...	502
Hessian cloth	13,634,335 Yds.	Jhools	...	26,414
Gunny cloth	1,521,700 "	Chaguls	...	185 358
Twine	...	Gunny, double, narrow	103,525 Yds.	
Paulins	83,773	Rick covers	...	1,589
Bags, coffee	64,362	Covers, I. P. harness		30,000
" feeding and				
watering...	63,720	Rucksacks	...	1,000
" ration	286,860	Logline	...	13,947 skein.
" charcoal	20,000	Chut for palans	...	8,000 Yds.
" pin (tent)	37,486	Camel hair belting		2,200 Ft.
" pole "	22,052	Cordage hemp hawser		37,720 Fms.

Owing to scarcity of flax canvas the manufacture of 5,000,000 yards of jute canvas was also arranged to meet all demands, particularly during the rainy season of 1918.

(IX.) RIVERCRAFT.

44. The demands for water transport in the Eastern theatres of war had become so heavy that, in 1916, the Government of India found it necessary to form a special agency to organise the work of construction, as the resources of the existing dockyards under the control of the Director of the Royal Indian Marine were already fully taxed in other directions. The Rivercraft Branch of the Railway Board's establishment was accordingly formed and, shortly after its formation transferred to the administrative control of the Indian Munitions Board. A board, styled the Indian Rivercraft Board, was constituted at Calcutta with sub-committees at Bombay, Karachi, Rangoon, Colombo and Singapore: particulars of the work done by this Board will be found in Apendix No. 2. In June 1918, as the programme of work was completed for which the Indian Rivercraft Board had assumed responsibility, this agency was dissolved.

Since the arrival of the Controller of Shipbuilding and his staff, from the Admiralty, in December 1917, all demands for craft have been met by the Shipbuilding Branch of the Indian Munitions Board.

The following craft have been supplied for war purposes up to 31st October 1918, whilst the construction of nine 125' trawlers for the Admiralty is in hand:—

For Mesopotamia.

Sternwheel tugs, 150'	5	(Re-erected from plates and angles sent out from England).
Hospital sternsheelers 174'6"	2	(Re-erected from plates and angles sent out from England).
Barges, 125'	70	(Re-erected from plates and angles sent out from England and Canada).
Barges, 125' (steel)	49	
Barges, 125' (composite)	11	
Barges, 50' (port)	90	
Motor launches	20	
Motor launch hulls	14	
Marine motors	22	
Diving boats, 42'	4	
Mooring Boat, 28'	1	
Diving boat, 36'	1	
Light steel pontoons	110	
Steel decked pontoons 35'	2	
Pontoons, 50'	2	
Steam launches, 46'6"	2	
Anchor pick-up boats 45'	2	
Anchor boats, 25'	40	
Anchor boats 19'	40	
Anchor boats, 18'	130	
Anchor boats, 17'	70	
Anchor Boats, 15'	65	
Dinghys, 12'	174	

For East Africa.

Hospital motor launch, 35'	1	
Steam launch 72'	1	

Steel lighters, 45'	...	...	2
Steel canoes, 30'	...	...	4
Motor launch, 25'	...	...	1

For Bandar Abbas.

Dinghy, 12'	...	...	1
-------------	-----	-----	---

For Sistan.

Pontoon punts 17'6"	...	...	8
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For Bombay Motor Boat Instruction School.

Motor launches...	...	...	2
Marine motor engines	...	...	2

A considerable number of mooring buoys and spare parts, such as rudders, propellers and shafting, have also been supplied to forces overseas.

(X) TIMBER.

45. The following statement summarises the operations of the Timber Branch from its organization in April 1917 to the end of October 1918. The figures include bamboos, but not wooden railway sleepers (which have been included under the head "railway track" see (III) above), or wood fuel, the supply of which was not made by the Board.

The quantity of timber and bamboos is expressed in tons of 50 cubic feet :—

Destination.				Amount Indents received (Tons.)	shipped or des- patched. (Tons).	Balance to be supplied (Tons).
Overseas.	Egypt ...	...	...	64,116	56,904	7,212
	Mesopotamia ...	...	...	131,406	121,386	10,020
	Salonika ...	...	...	19,624	15,647	3,977
	Other places (Aden, East Africa, Persian Gulf Ports, etc.) ...	...	...	10,106	3,744	6,362
	Total	...	...	225,252	197,681	27,571
India				46,052	30,395	15,657
Grand Total				271,304	228,076	43,228*

*Of this amount 19,395 tons was ready for shipment or despatch on 31st October 1918.

In order to enable indents to be met without undue delay (the extraction of timber from the forests being possible as a rule only during certain seasons of the year) and to season the timber before despatch as far as time allowed the Board established large depots in Bombay, Rangoon and Karachi. The total balance of stock in hand in the three depots at the end of October 1918 was 42,624 tons, viz., 22,693 tons (including 347,849 bamboos) in Bombay, 13,720 tons in Rangoon and 6,211 tons in Karachi.

Every effort has been made to substitute indigenous timber for foreign supplies, in order to reduce the demands on shipping to a minimum and to encourage as far as possible the use of the locally-grown material.

It may be mentioned that the principal fraction of the timber supplied has been in the form of sawn beams, planks and scantlings, and the conversion of this has presented great difficulty (elsewhere than in Burma) owing to the very limited number of saw mills existing and the impossibility of importing additional plant.

Apart from supplying timber and bamboos for structural work, e. g., the construction of bridges, piers, wharves, buildings and temporary huts and lines, the Board has provided wood of suitable species for the construction and repair of craft, telegraph poles, bamboos for river training works, tent and mosquito poles. In addition it has engaged on an exhaustive search for timber suitable for use in aircraft. Numerous promising species have been tested, two of which have been approved by the Home authorities while others are still under trial.

(XI) MISCELLANEOUS ENGINEERING PLANT AND STORES.

46. It is impracticable, within the limits of this report, to give details of the enormous quantities of miscellaneous engineering plant and stores provided through the agency of the Indian Munitions Board. These included considerable supplies of all kinds of machinery and engineering equipment required for the docks and workshops which were constructed

in Mesopotamia and East Africa. An idea of the magnitude of the supplies may be gauged from the figures contained in the summary of expenditure in Appendix No. 1.

(XII) SCRUTINY OF PRIORITY APPLICATIONS FOR
ASSISTANCE IN OBTAINING GOODS FROM THE
UNITED KINGDOM AND THE UNITED
STATES OF AMERICA.

47. The institution of a methodical scrutiny of priority applications on behalf of the British Ministry of Munitions, synchronised with the creation of the Indian Munitions Board in March 1917. The priority branch at headquarters working in co-operation with Provincial Priority authorities has carefully examined all applications in accordance with the principles laid down by the Priority Branch of the Ministry of Munitions and has only forwarded such applications as appeared to be justifiable in each particular instance. Substantial assistance has thus been rendered to the Home authorities in ensuring that Indian trade demands made upon the United Kingdom during the latter period of the war have been rigidly limited to essential cases.

Since the introduction in the United States of America of a priority control similar to that already in force in the United Kingdom, the Board has acted in a similar capacity as the Indian representative of the American priority authorities.

Up to the 30th October 1918 over 15,000 priority applications were examined at the Board's headquarters, and the list of articles for which priority recommendation was refused comprised more than 2,000 headings.

(XIII) SCRUTINY OF GOVERNMENT INDENTS
ON THE INDIA OFFICE.

48. A Home Indents Branch, which worked in close co-operation with the Priority Branch, was constituted to exercise a careful scrutiny over all indents made by Government Departments on England, and substantial deductions have been secured in many cases. This branch scrutinized 1,046 indents during the period under review,

(XIV) CONTROL OF EXPORT OF CERTAIN MATERIALS.

In co-operation with the Department of Commerce and Industry the Board undertook the control of export from India of certain articles required for war use or essential national purposes, the stocks of which it was desirable to conserve in view of international demands. From June 1917 to 31st October 1918, 1,737 export applications were dealt with.

(XV) CONTROL OF THE DISTRIBUTION OF THE PRODUCTS OF THE IRON AND STEEL WORKS.

49. (a) *Control of steel*.—The only works at present producing steel in India are the Tata Iron and Steel Works at Sakchi. With the ready consent of the management of this company, Government has exercised complete control over the distribution of the output of steel, and has obtained favourable rates for supplies on Government account, without having recourse to compulsion under the Defence of India Rules. The principal portion of the steel output took the form of rails and fastenings for railway work the Tata works having provided 985 track miles of the supplies detailed under head (III) above. In addition to railway materials large quantities of rolled steel sections have been procured for war purposes under similar arrangements.

(b) *Control of pig-iron*.—Towards the end of 1917 difficulty was experienced with regard to supplies of pig iron. In December 1917 it became clear that action must be taken to conserve the pig-iron being manufactured in India for India's own needs, both military and civil, and some form of control exercised, in order that supplies could be distributed in accordance with national requirements. Exports were prohibited except under certificates and after consultation with the two producing firms the Board (in February 1918) took complete control of its distribution. This was effected by priority grading.

(XVI.) CONTROL OF CEMENT MANUFACTURED
IN INDIA.

50. In 1914 only an insignificant quantity of Portland cement was being manufactured in India, and war demands were met from stocks of

imported cement, most of which was of English origin. In the following year two firms in India began to manufacture in appreciable quantities, and in 1916 a third commenced production. Early in 1917, owing to the depletion of stocks of imported cement, it became clear that Government would be compelled to draw much more largely upon Indian cement works to meet its requirements, and, therefore, entered into an agreement with the three cement companies, by virtue of which Government obtained an option on three-quarters of their output. In March 1918 it became necessary to control the whole output of the cement works, and since that date all supplies of cement from these firms, whether for Government or private use, have been regulated by the Indian Munitions Board. During the nine months, March to November 1918, a total of 59,000 tons of cement were dealt with in this way, the material being distributed in the following proportions:—

Overseas forces	...	30	} 53 per cent.
Military in India	...	23	
Public Works	...	20	Do
Railways	...	9	Do
Public bodies	...	4	Do
General public	...	14	Do

(XVII) CONTROL OF DEALINGS IN CERTAIN ENGINEERING MATERIALS.

51. Advantage was taken by the Munitions Board of the provisions of the Defence of India Rule II G to introduce a necessary measure or control over public dealings in the following articles:—

Steel plates,
Galvanised and black iron sheets,
Steel or iron beams, girders, bars, channels, angles and other rolled sections,
Steel wire ropes,
Steel scrap,
Tin plates, and
Copper tubing.

The regulation of trade in these materials was necessitated by the fact that stocks in India had become greatly depleted by the unusually large demands made and the almost insuperable difficulty of replenishing them by import from Home for war and other purposes. Evidence had also accumulated that speculative dealings were taking place, with the result that prices had been advanced in an unjustifiable manner.

(XVIII) CONTROL OF SHIP REPAIRS.

52. The first measure of control assumed by the Board over the execution of ship repairs in India was adopted with the object of restricting the use of structural materials to really essential requirements, it being considered that while it might be justifiable in normal times to make repairs of such a character that they may be expected to last for many years, it was proper in existing circumstances to permit only so much material to be used as was reasonably necessary to maintain ships in service for a comparatively limited period. Subsequently, at the instance of the Admiralty, a more general measure of control over ship repairs was introduced, Defence of India Rule 14 AA being introduced with this object.

VIII. GENERAL REMARKS.

The economic situation.

53. Coming into existence as it did only when the war had been in progress of three years; at a time when India had already made large contributions to the war in material as well as in men; when, and in reality because, increasing difficulty was being experienced in recouping stocks of imported plant and stores, the Munitions Board took up its work under manifest disadvantages.

54. As regards staff, an acknowledgment is made elsewhere of the valuable assistance received from many sources, but the Board found that many of those who would have been specially qualified to share its work had already joined the army as combatants or had taken up other duties of a public character. It was therefore only with difficulty that an adequate and competent staff could be secured and organized for munitions work; this difficulty naturally became more accentuated as the war dragged on.

55. By the development of local manufacture the Board was in a position to do something to mitigate the inconvenience caused by the restriction of importations from abroad; but unfortunately under war conditions progress could be made only slowly and in relatively few directions in this matter. What has been done in regard to the promotion of Indian Industrial resources will be found detailed in a separate hand-book.

56. The outstanding feature, however, of the economic situation during the war period was the great and constantly increasing difficulty of securing, under conditions of exceptional urgency, the large quantities of plant and materials demanded by the military authorities in Mesopotamia, East Africa, Egypt and other theatres of war, as well as those required by the army and civil departments in India.

57. This difficulty was experienced particularly with regard to the large variety of stores which could be supplied only, or main'y, from imported stocks. It is necessary in this connexion to point out that to a considerable extent the effect of one of the Board's own functions was to render this position yet more acute. In its priority and Home Indents Branches it was concerned, as the representative of the British Ministry of Munitions, in making certain that no demands were placed upon the United Kingdom for articles which would cause interference with war work at Home and could either be done without or be obtained otherwise in India or from other countries. This was an essential requirement, since it was only by thus restricting demands on the United Kingdom to an irreducible minimum that the most economical disposition could be made thereof of man power and material. The institution of this kind of check upon demands sent to the United Kingdom synchronised with the formation of the Munitions Board. Later, upon the entry of the United States of America into the war, a similar duty was imposed upon the Board as the representative of the priority officers of the United States.

58. The restrictions thus placed on the importation of goods of practically all kinds from the United Kingdom and America naturally resulted in accelerating the depletion of Indian stocks of many essential imported articles, and in the increase of prices for such stocks as remained

available to an abnormal and in some instances to a fantastic standard. The reality of the difficulties experienced in obtaining plant, material and stores in the Indian markets was sufficiently manifested by the increasing tendency of civil departments, and quasi-public bodies such as Municipalities and Port Trustees to appeal to the Board for assistance in securing their requirements.

59. The activities thus forced on the Board in the general interests of the Allies caused it necessarily to strike at its own efficiency in utilising Indian resources. Its decisions were necessarily in each case a choice of evils : priority granted for the importation of machinery to meet Indian requirements necessarily competed with demands on war workers in the United Kingdom, whilst the restriction of such imports necessarily curtailed efficiency here.

Depot stocks.

60. To facilitate compliance with the most urgent indents, arrangements were made for the establishment of depots at Bombay and Calcutta for stocks of the articles most in demand. It was not the intention of the Board to utilize these stocks to meet ordinary demands for imported articles, which should be intended for in the regular way by the consuming departments, from India or the War Office as the case might be; but it was obvious that in case of emergent requirements the Board should be in a position to supply these without the delay involved by making special indents on the United Kingdom, or emergent, and therefore expensive, purchases in the Indian markets. The conclusion of hostilities, however, enabled the Board to take steps to cancel arrangements made to complete these emergency stocks, and to dispose of such stores as had been accumulated.

APPENDIX No. 1.

Abstract of Expenditure.

The following summary shews the cash expenditure incurred in India by the Board from the 1st April 1917 to the 31st October 1918,

(Thousands of rupees.)

	1st April 1917 to 31st March 1918.	1st April 1918 to 31st Octr. 1918.	Remarks.
I. Salaries, Establishments, etc.—			
(a) Headquarters—			
(i) Supply Branches	6,45	8,83	
(ii) Industrial Development Branches	1,34	85	
(b) Provincial . . .	9,85	22,46	Does not include the cost of establishments for tanneries and factories, which is taken under Head III.
Total I.	<u>17,64</u>	<u>32,14</u>	
II. Supplies—			
(a) Rivercraft and Inland Water Transport stores.	1,50,97	82,79	
(b) Tata's rails and fish-plates.	1,05,16	28,98	
(c) Other railway materials.	1 46,82	1,56,80	
(d) Timber.	86,36	1,43,68	

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(e) Textiles and Jute	85,50	80,51	Does not include payments on account of the Army Clothing Department which are taken to Head III (a).
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(f) Ordnance and Miscellaneous stores.	2,63,83	9,10,81	Does not include payments on account of the Indian Ordnance Factories which are taken to Head III (b).
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Total II.	<u>8,38,64</u>	<u>14,03,57</u>
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III. Factories, etc.—

(a) Army Clothing Factories.	3,87,67	7,03,70
(b) Ordnance Factories.	67,74	2,71.00
(c) Acetone Factory.	1,09	52

Does not include expenditure on building the factory, which is charged to the Military Works Head.

(d) Albion Shell Fy.	6,69	6,71
(e) Tanneries and Tanstuff	15,35	9,36
(f) Kutra Iron Works	1,37	58
(g) Tent Making Fy.	...	48

Total III.	<u>4,79,91</u>	<u>9,92,35</u>
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Grand Total ...	<u>13,36,19</u>	<u>24,28,06</u>
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N. B.—The above figures do not include the value of the bulk of the hides supplied to the War Office, and Italian Government, which are paid for by demand draft. Payments on this account are as follows:—

	From the commence- ment of operations to 31st March 1918.	From 1st April 1918 to 31st October 1918.
	£	£
For tanned hides (Madras)	4,908,528	2,638,656
Do. (Bombay)	520,174	339,407
For raw hides (Calcutta, Karachi and Rangoon).	382,775	469,191
Total	5,811,477	3,447,254

No. T/1341.

6th September 1921.

Telegram.

To

The Private Secretary to H. E. the Viceroy,

SIMLA.

Sir,

"Committee Indian Merchants' Chamber beg to tender their congratulations to His Excellency the Viceroy on the firm manner in which he has handled the situation arising out of the withdrawal of the Munitions Case in Calcutta. Committee respectfully suggest that His Excellency's Government should take this opportunity of appointing a non-official Indian with wide experience and personality as Member in charge of the Industries Department.

Mehta-Secretary."

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T. 1364.

12th Sept. 1921.

Telegram.

To

The Secretary to the Government of India,

Department of Commerce and Industries,

SIMLA.

"Committee [Indian Merchants' Chamber beg to convey growing feeling of anxiety and distrust at the attitude maintained by the Commerce and Industries Department hitherto. Committee respectfully urge that confidence cannot be restored till a competent Indian is appointed to succeed Sir Thomas Holland. Committee have nothing to say against the appointment of Mr. Innes as temporary member for some months but the only permanent arrangement hereafter which will satisfy Indian Commercial interests will be the appointment of an Indian with wide administrative experience. Committee hope that this opportunity of conciliating Indian Commercial and Industrial opinion will be used by Lord Reading's Government.

Mehta-Secretary."

APPENDIX LXXVI.

*Proposal to exempt from Customs duty unset precious stones
imported cut.*

T.-929.

28th May 1921.

To

The Secretary to the Government of India,

Commerce Department,

SIMLA.

Sir,

I am directed by the Committee to draw your attention to the disadvantages under which dealers in precious stones are placed owing to a levy

of the import duty of 11 per cent. on the imports of all precious stones unset and cut. The three main varieties of precious stones are rubies, sapphires and emeralds. The first two are mostly the production of India while emeralds that are mostly imported from Europe are uncut which after being cut are exported to Europe for sale. Thus it will be seen that the Government are levying an import duty on articles which are essentially articles of export.

Another grievance that arises out of this new levy is in connection with the practical difficulties of the trade as it is peculiarly constituted. In more than 80 cases out of 100 no precious stones are sold at the first consignment in Europe and hence there is immense trouble of registering the goods before the Customs authorities at every time of despatch. It may perhaps be argued that duty will be refunded on consignments being re-exported but the provision that the goods must be "In tact" nullifies the whole clause because the lots of precious stones have always to be assorted and re-assorted, arranged and re-arranged at every consignment till the whole stock is disposed of. My Committee have very lately received a letter from the Ag. Collector of Customs, Bombay, informing them that he has received telegraphic information from the Government of India that pearls imported pierced will be exempted from duty with effect from the 1st of March 1921. In view of this step taken by the Government of India, my Committee hope that a similar concession will also be given in the case of the imports of precious stones unset and cut.

Hoping that this suggestion made by the Committee will be favourably considered by the Government of India.

I beg, etc.,
J. K. MEHTA,
Secretary.

ANNUAL REPORT OF THE

No. 1959.

Government of India.

DEPARTMENT OF COMMERCE.

Simla, the 9th August 1921.

To

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

Proposal to exempt from customs duty unset precious stones imported cut.

I am directed to acknowledge the receipt of your letter No. T.929, dated the 28th May 1921, in which you represent that dealers in precious stones are placed at a disadvantage owing to the levy of 11 per cent. customs duty on unset precious stones imported cut, and ask that they may be admitted free of duty.

2. In reply, I am to say that the whole question was fully considered by the Government of India in 1916, and that they decided to exempt from duty unset precious stones only when imported uncut. They regret that they are unable to see sufficient reason for modifying this decision.

I have, etc.,

J. B. TAYLOR,

Under Secretary to the Government of India.

APPENDIX LXXVII.

*Amendment of sections 85 and 131 of the Negotiable Instruments
Act, 1881.*

T.-1420.

1st October 1921.

To

The Secretary to the Government of India,
Department of Commerce,
SIMLA.

Sir,

I am directed by my Committee to address you on the subject of the amendment of section 131 of the Negotiable Instruments Act 26 of 1881.

The section lays down that "a Banker who has in good faith and without negligence received payment for a customer of a cheque crossed generally or specially to himself shall not in case the title to the cheque proves defective incur any liability to the true owner of the cheque by reason only of having received such payment." It is contended that this protection does not extend to cases in which the banker credits a customer's account with the amount of the cheque or otherwise gives consideration for the same *before* realisation as then he cannot be regarded to have "received payment for a customer." This view was supported by the English Courts in "Capital and Counties Bank *vs.* Gordon" (1903) in which it was held that section 82 of the English Bills of Exchange Act of 1882 which corresponded to section 131 of the Negotiable Instruments Act of 1881 did not extend to such cases. This led to the passing of the Bills of Exchange (Crossed Cheques) Act of 1906 which expressly extended this protection to collecting bankers in cases where they credited their customers' account with the amount of the cheques before receiving payment thereof. In India, however, no Act corresponding to the English Act of 1906 referred to above has yet been passed and therefore it is clear that the position of the collecting Bankers here is not as safe as that of his brother bankers in England. My Committee submit that the sooner the law on this point is amended and brought on a line with the English Law the better it will be for the expansion of the Banking business in this country.

I beg, etc.,
S. M. MUZUMDAR,
Ag. Secretary.

No. 6933.

Government of India.

DEPARTMENT OF COMMERCE.

Delhi, the 3rd December 1921.

To

The Acting Secretary,
The Indian Merchants' Chamber and Bureau,
19, Bank Street, BOMBAY.

Amendment of section 131 of the Negotiable Instruments Act, 1881.

Sir, •

I am directed to acknowledge the receipt of your letter No. T-1522,* dated the 29th November 1921, and to inform you that your letter

* Reminder to letter No. T. 1420.

No. 1420-T., dated the 1st October 1921, has been transferred for disposal to the Government of India in the Finance Department to whom all further communications on the subject should be addressed.

I have, etc.,

J. B. TAYLOR,

Under Secretary to the Government of India.

No. 910-A.

Government of India.

FINANCE DEPARTMENT.

Delhi, the 13th December 1921.

To

The Secretary, Indian Merchants' Chamber and Bureau,

BOMBAY.

Amendment of section 131 of the Negotiable Instruments Act, 1881.

Sir,

With reference to your marginally noted letters addressed to the Commerce Department, I am directed to say that

No. 1420-T, dated the 1st October 1921.

the matter is under the consideration of the Gov-

No. 1522-T, dated the 29th November 1921.

ernment of India.

I have, etc.,

P. R. RAU,

Assistant Secretary to the Government of India.

T. 1421.

1st October 1921.

To

The Secretary to the Government of India,

Legislative Department,

SIMLA.

Sir,

The attention of my Committee is drawn to the desirability of amending section 85 of the Negotiable Instruments Act, 1881. The section lays

down that where a cheque payable to order purports to be endorsed by or on behalf of the payee the drawee is discharged by payment in due course. Payee is defined in section 7 of the said Act as "The person named in the instrument to whom or to whose order the money is by the instrument directed to be paid." It is, therefore, contended that the protection afforded by section 85 will not extend to the case where the cheque has been endorsed by the payee and the bank pays it on an endorsement which is a forgery of the name of the endorsee. In support of the above view I give below a few extracts from well-known text books.

"The very same reasoning which applies to the indorsement of the payee applies also to other indorsements; but the section, as it stands, is not so wide and does not protect a banker on paying a cheque payable to order, if any indorsement other than that of the original payee is forged, for, having regard to the definition of payee in section 7 and of indorser in section 16, payee does not include indorser."

The Negotiable Instruments Act by K. Bhashyam and K. Y. Adiga, by M. P. Works, Madras (page 351).

"Consequently the protection afforded by section 85 will not extend to the case where the cheque has been indorsed which is a forgery of the name of the indorsee."

Chalmer's Negotiable Instruments in British India by A. Aggar, published by Thacker, Spink & Co., Calcutta.

"Having regard to the definitions of the words 'payee' and 'indorsee' in sections 7 and 16 *supra*, it seems that the term 'payee' does not include an indorsee. If so, the protection afforded by the section would not extend to a case where an indorsement other than that of the original payee is forged. The point, however, is not free from difficulty and there is no case in which the question has come up for decision."

The Negotiable Instruments Act by the Lawyer's Companion Office, published by T. A. Venkasawmy Row and T. S. Krishnasawmy Row (page 175).

On the other hand, it has been argued that section 85 sufficiently covers the case where the cheque has been endorsed by the payee and

the banker pays it on an endorsement which is a forgery of the name of the endorsee. Under the circumstances I shall feel obliged if you will let me know the correct interpretation of the section.

I beg, etc.,
S. M. MUZUMDAR.
Ag. Secretary.

No. 5790-A. C.
Government of India.
LEGISLATIVE DEPARTMENT.

To

The Acting Secretary,
The Indian Merchants' Chamber and Bureau,
Bombay

Simla, the 12th October 1921.

Sir,

With reference to your letter No. T. 1421, dated the 1st October 1921, regarding the interpretation of section 85 of the Negotiable Instruments Act, 1881, I am directed to express regret that the Government of India cannot undertake to advise private individuals and associations as to the correct interpretation of Statutes.

I have, etc.,
S. C. GUPTA,
Deputy Secretary to the Government of India.

APPENDIX LXXVIII.

Railway Siding for Detroj Ginning Factory.

T-1406.

26th September 1921.

To

The Secretary to the Government of India,
Railway Department,
SIMLA.

Sir,

I am directed by the Committee to bring to your notice the unusual delay on the part of the B. B. & C. I. Railway Company, in the matter

of constructing a siding at the Ginning Factory of one of the members of our Chamber at Detroj, a station on the Viramgam-Mehsana line, B. B. & C. I. Railway.

As early as in the month of January 1920, the Proprietor of the said Ginning Factory deposited a sum of Rs 200 with the Agent, B. B. & C. I. Railway, to prepare an estimate for the siding construction. This work of preparing an estimate kept the Railway Company occupied for one year and six months after which on the 13th of July 1921, the Ginning Factory was informed that the estimated cost for siding construction would be Rs. 2,965. The Proprietor of the said Ginning Factory, on the 21st July 1921, confirmed the estimated cost and paid it to the Company with a request to take in hand the work without unnecessary delay.

My Committee have been informed that in spite of repeated reminders to the Railway Company in this matter the Company has not yet paid any attention to the prompt execution of the work. Under the circumstances I have to request you to be so good as to prevail upon the Railway Company to begin the work and bring it to completion very soon so as to save the Proprietor from unnecessary losses which are sure to result in absence of siding facilities. My Committee should not have moved the Railway Board with regard to individual complaints like these had it not been for the general policy laid down by the Railway Board that Railways must do their utmost to further the development of industries, which, if not carried out, is likely to result in great inconvenience and loss to merchants.

Expecting an early reply.

I beg, etc.,
S. M. MUZUMDAR,
Ag. Secretary.

Government of India.

RAILWAY DEPARTMENT.

(Railway Board.)

No. 802 W/21.

Dated Delhi, the 14th of November 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

Proposed Mill Siding at Detroj.

In continuation of this office letter No. 802 W/21, dated 14th October 1921, I am directed to explain that the preliminary negotiations regarding such projects as this take a considerable time sometimes, *e. g.* in the present case a revised estimate had to be prepared to meet certain modifications in the original scheme and the approval of H. H. the Gaekwar's Government to the proposal had to be obtained. In the circumstances the inconvenience caused to the firm cannot justly be attributed to any undue delay on the part of the Bombay, Baroda and Central India Railway Administration.

It is reported however, that instructions have now been issued to take the work in hand and it is hoped that the work will be commenced shortly.

I have etc.,

J. A. BELL,

Asstt. Secretary, Railway Board.

T-1411,

28th September 1921.

To

The Director of Industries,
BOMBAY.

Sir,

The attention of the Committee of this Chamber has been drawn to the unusual time taken by the Railway Companies in the disposal of applications for siding constructions. In this connection complaint has been received from one of the members of the Chamber that although an application for siding construction having been made to the B. B. & C. I. Railway as early as in the month of January 1920 and the full amount of estimated cost by the Ry. Co. having been paid to them as far back as on 13th July 1921 no action has yet been taken on his application. My Committee will feel obliged if you will kindly move the proper authorities in the matter and thereby help the trade. My Committee will further feel obliged if you will let them know how far your Department can help them in these and such allied matters.

I beg, etc.,

S. M. MUZUMDAR.,

Ag. Secretary.

No. A 1829-4884.

Office of the Director of Industries,

New Customs House:

Bombay, the 14th October 1921.

To

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

Dear Sir,

Subject.—Railway Sidings.

Reference.—Your letter No. T-1411, d/28-9-21.

Your letter under reply was placed before the Advisory Committee of the Department of Industries on the 12th instant. The Committee was

of the opinion that the case cited by your Chamber was not a very strong one, at least so far as the delay since the payment of the estimated cost is concerned. It is stated in your letter that this was paid as far back as 13th July 1921, but as new construction work during the monsoon is frequently difficult, the Committee deemed it desirable to have further particulars regarding the whole case.

2. If you desire me to proceed further, will you therefore supply for the information of the Advisory Committee further details regarding the application to the B. B. & C. I. Rly. which is mentioned in your letter? As I understand that the complaint is that there is habitual delay which is unnecessary in the disposal of these applications, other examples in addition to the one cited by you would be helpful.

Yours faithfully,

R. D. BELL,
Director of Industries.

APPENDIX LXXIX.

Indian Passengers' and Traffic Relief Association.

No. G.-269 of 1921.

To

The President and members of

the Indian Merchants' Chamber and Bureau,

Fort, BOMBAY.

Bombay, 12th September 1921.

Sirs,

Re *Indian Passengers' and Traffic Relief Association.*

This Association was formed in 1915 and has been in existence ever since and has been doing useful work. The need for such work is emphasised by continuance of public grievances.

My Committee has not that organisation that your Chamber has and lately it has not received financial support to that extent as the cause

warrants and for these reasons has asked me to approach you with a suggestion that you take over the work of the Association and continue it. It will cost you very little and serve useful purpose and the subscriber if allowed, will be pleased to place his services and experience at your disposal.

I trust your Chamber will sympathetically consider this suggestion and in this connection Mr. L. R. Tairsey who is a member of your Committee will give you such further information as you require.

Yours truly,

JIVRAJ GOCULDAS NENSEY,

Hon. Joint Secretary.

T-1403.

26th Sept, 1921.

To

The Honorary Joint Secretary,

The Indian Passengers and Traffic Relief Association.

Dear Sir,

With reference to your letter No. G/269 of 1921, I am directed by the Committee to inform you as follows.

While my Committee fully sympathise with the proposal contained in your letter under reply they are of opinion that your Association, which has rendered very valuable services to the public in the past, should not be extinct merely because of want of organisation and financial support. They are, therefore, of opinion that the work, which is done by your Association should be continued in the name of and by the Association independently. They are, however, willing to support your Association in carrying on its work by providing sitting accommodation for one of the clerks of your Association in the office of the Chamber, who will work under the direct supervision of your Association. My Committee regret that as their office accommodation is very limited they are not in a position

to offer further facilities to your Association. Please also note that the Committee reserve to themselves the right of cancelling the above arrangement whenever they are found to be either unsatisfactory or unworkable.

Yours faithfully,
S. M. MUZUMDAR,
Ag. Secretary.

APPENDIX LXXX.

Return of Election Expenses.

No. 1304 of 1921.

LÉGAL DÉPARTEMENT.

Secretariat, Fort,

Bombay, 29th July 1921.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Subject.—Returns of election expenses.

Sir,

I am directed by the Governor in Council to forward to you a copy of Government of India's No. 919-F., dated the 15th October 1920, and to request you to send me at an early date your opinion on the matters contained in paragraph thereof. Definite proposals should be submitted, along with a statistical table showing the expenditure of each candidate under particular heads.

2. The original papers submitted by the candidates* and sent by you under your No. T.-265, dated the 18th December 1920, are herewith returned for record in your office.

I have, etc.,

Illegible,

For Secretary to the Government of Bombay,

Legal Department.

* Mr C. V. Mehta and Mr Motilal Kaji.

No. 919-T.

GOVERNMENT OF INDIA.

Reforms Office.

To

Reforms Commissioner and Additional Secretary

to the Government of Bombay.

Simla, October 15, 1920.

Reforms Office.
Franchise.

Sir,

I am directed to invite the attention of the Government of Bombay to rule 18 of the Council of State, the Legislative Assembly and the Bombay Legislative Council electoral rules, and to the remarks of the Joint Committee in paragraph 8 of their report on the Government of India Act (Draft Rules). The Committee, while agreeing with the Government of India that it is impracticable at the outset, in the absence of any data, to lay down a limit to election expenditure by candidates, which would work fairly and adequately in every constituency with their very varied conditions considered that the absence of such limits could not remain a permanent feature of the rules, and that limits could and should be laid down as the result of experience gained at the first elections. Rule 18 accordingly empowers the Governor General to fix by notification maximum scales of election expenses which shall be applicable to any election held after the first election and to prescribe the numbers and description of persons who may be employed for payment in connection with any such election, and it specifically provides that different provisions may be made for different constituencies.

2. The Government of India would be glad to receive in due course the proposals of the Government of Bombay as regards the notifications to be issued respectively for the constituencies of the Council of State, the Legislative Assembly and the Bombay Legislative Council. As regards

those under rule 18 (1) (a) the Government of India are inclined to think that it would serve no purpose to lay down that the total expenditure of all kinds that may be incurred by a candidate in any constituency or class of constituencies shall not exceed a prescribed maximum, for example to mention a figure that has been suggested, Rs. 6,000. What seems to them to be required rather is a detailed schedule such as the English law prescribes which would specify the objects on which expenditure would be permissible and the amount that might be incurred in connection with each of these. Rule 17 imposes on every candidate the obligation to submit a return of his expenses and the Government of India believe that the analysis of these returns will provide the materials necessary for the prescription of definite and detailed limits of expenditure.

I have, etc.,

(Sd.) S. P. O'DONNELL,

Secretary to the Government of India.

T. 1414.

29th September 1921.

To

A. C. Wild, Esq., I. C. S.,

Secretary to the Government of Bombay,

Legal Department,

BOMBAY.

Sir,

With reference to your letter No. 1304, dated the 29th July 1921, I am directed by the Committee to state their views which are as follows:—

My Committee are of opinion that last year's elections furnish no solid basis for arriving at a definite maximum amount of expenses which a candidate may incur in connection with his candidature. They are, however, of opinion that the contemplated maximum should be as low as possible, in order that a candidate of modest means may stand a fair chance of success as against his brother candidate of powerful means. As

regards the submission by the candidate of a detailed schedule of expenses such as is required by the English Law, my Committee are not in a position to give their views on the same as they are not in possession of a copy of the English Schedule referred to in the Government of India's letter No. 916-F., dated 15th October 1920. My Committee are, however, of opinion that the candidates may be required to submit only a general division of charges incurred by them in connection with their candidature in the Councils instead of a detailed schedule as contemplated by the Government.

I beg, etc.,
S. M. MUZUMDAR,
Ag. Secretary.

APPENDIX LXXXI

Address to H. R. H. the Prince of Wales.

An address of welcome to H. R. H. the Prince of Wales was forwarded through the Political Department, Government of Bombay, on the 22nd November 1921. The address ran as follows:—

To

His Royal Highness

EDWARD ALBERT CHRISTIAN GEORGE ANDREW

PATRICK DAVID,

K. G., G. C. S. I., G. M., M. G., G. C. I. E., G. M. B. E., M. C.,

Prince of Wales, Earl of Chester, Prince of Great Britain and Ireland, Duke of Cornwall, Duke of Rothesay, Earl of Carrick, Baron of Renfrew Lord of the Isles and Great Steward of Scotland.

May it please your Royal Highness,

We, the Chairman and Vice-Chairman of the Indian Merchants' Chamber and Bureau, on behalf of our members, welcome the privilege of tendering to your Royal Highness most cordial, sincere, and loyal greetings on your landing in Bombay, the oldest possession in India of the British Crown.

Your Royal Highness's gracious resolve to visit this country, so soon after the restoration of your health, has indeed touched the hearts of the people of India as a great and noble act worthy of your Royal Highness's high and illustrious position, and as striking evidence of your Royal Highness's great solicitude for the happiness of the people of India.

The illustrious part your Royal Highness played during the War in defence of the sublime principles of Liberty, Equity and Justice was a source of admiration and pride not only to the British Empire but to the whole civilised world, and we confidently hope and trust that those very principles for which Great Britain fought the great War, and brought it to a successful close, will reign supreme in India and thereby add to the material and moral prosperity of India.

The visit of His Royal Highness the Duke of Connaught to this country only a few months ago to inaugurate the new era of Reforms is still fresh in our memory; and we are confident that the new era of Reforms will lead India to the attainment of full Dominion Status such as is enjoyed by His Imperial Majesty's other Dominions beyond the seas.

As a commercial body representing the Indian commercial community, we earnestly hope that India will soon attain complete fiscal freedom of adjusting her own tariffs to suit the requirements of her own well-being and progress.

We wish your Royal Highness perfect health and happiness throughout your sojourn in this vast country, and earnestly pray to God Almighty that your gracious visit to India at the most momentous period in her political and economic advancement may inspire you with love for her people and full and genuine sympathy with her aspirations.

We have the honour to be,

Your Royal Highness's most faithful and obedient subjects,

LALJI NARANJI,

Chairman.

Hansraj Pragjee Thackersey

Vice-Chairman.

S. M. MUZUMDAR,

Ag. Secretary.

No. 897-R.

POLITICAL DEPARTMENT.

Secretariat, Fort, Bombay,

29th November 1922.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

19, Bank Street, Fort, Bombay.

Sir,

I am directed to inform you that the address of the Indian Merchants' Chamber and Bureau has been laid before His Royal Highness the Prince of Wales, who has desired that the following message may be communicated to the Chairman:—

“ I am very grateful to the Indian Merchants' Chamber and Bureau for their loyal address of welcome and their good wishes for my tour. Like the members of your Chamber, I am full of confidence that the reformed constitutions, recently inaugurated in India by His Royal Highness the Duke of Connaught, will result in the gradual, but progressive realization by India of self-government in the British Empire. The more I see of India in my tour, the more I am struck by the immensity of the commercial field which this great country offers, and I trust that your Chamber and Bureau may be successful in assisting and leading Indian commercial activities along real lines of advance and progress.”

I have, etc.,

A. MONTGOMERIE,

Secretary to the Government of Bombay,

Political Department,

APPENDIX LXXXII.

Proposal to notify holidays under the Negotiable Instruments act in honour of the visit of H. R. H. the Prince of Wales.

File No. 824.

Financial Department.

Secretariat.

Fort, Bombay, 8th October 1921.

To

The Chairman,

Indian Merchants' Chamber and Bureau,

Bombay.

Sir,

I am directed by the Governor in Council to consult your Chamber regarding a proposal to notify Thursday, the 17th, and Monday, the 21st November 1921, as holidays, one of these at least to be a public holiday under the Negotiable Instruments Act XXVI of 1881, in honour of the occasion of the visit of His Royal Highness the Prince of Wales to Bombay.

2. I am to request that the views of the Chamber may be communicated to Government at a *very early date*.

I have, etc.,

J. MEAD,

Chief Secretary to Government,

Financial Department.

T. 1458-

19th October 1921.

To

P. J. Mead, Esq., C.S.I., C.I.E. I.C.S.,

Chief Secretary to the Government of Bombay,

Finance Department,

BOMBAY.

Sir,

With reference to your letter No. 824 dated the 8th October 1921, I am directed by my Committee to say that they approve of the Govern-

ment's suggestion to have two holidays in honour of the occasion of the visit of His Royal Highness the Prince of Wales to Bombay. With regard to the second suggestion of making one of these holidays a public holiday under the Negotiable Instruments Act of 1881, my Committee are of opinion that Thursday the 17th November would be more suitable under the said Act.

I beg, etc.,
K. M. DESAI,
Asst. Secretary.

APPENDIX LXXXIII.

Deputation to His Excellency the Viceroy.

No. T. 1480.

27th October 1921.

To

The Private Secretary to His Excellency the Viceroy,

SIMLA.

Sir,

I am directed by my Committee to invite reference to the reply of His Excellency the Viceroy when he landed on these shores to an address presented by the Chamber. In the course of the reply His Excellency was good enough to say, "I do not think it right that I should now express views upon political matters which have arisen in the past and which I find confronting the Government over which I preside at this moment before I have acquainted myself with the views of the people of this country, for example, the views put forward before me to-day in a document by your body and numerous other representations throughout India." It is now over six months since the reply was given and my Committee feel that for those grievances and problems to which they made a passing reference in the course of that address, but which they have from time to time fully set out in the several representations made by them to the various departments of the Government of India, they have not received any authoritative reply of

assurance from His Excellency. They are constrained to remark that the speech of His Excellency in reply to the Marwari Chamber's deputation as reported in the papers gives no clue nor holds out any assurance or prospect for the future as regards the policy of the Government on the several matters represented and altogether fails to enlighten the public as to the state of affairs in the several matters handled at present by the Commerce and Industries Department and by the Finance Department. My Committee may be permitted to point out that from time to time they have addressed the Department of Finance and that of Commerce and Industries on several matters briefly indicated below.

FINANCE.

1. Gold Standard, Purchase of Silver in India, Keeping gold reserve in India, Indian Mint, Undesirability of change in standard rate from Rs. 15 per £ to Rs. 10 per £ and Free import of gold and silver. (Our representations to the Currency Committee of 1919 and the evidence of our representative, Mr. Manu Subedar, before the same).
2. Sale of Reverse Councils—method of allotment and fixing its rate (T. 632 of 17-2-20).
3. Revision of Paper Currency Act of 1920 (T. 154 of 8-11-20).
4. Printing of Currency Notes in India and reduction of Bank of England's domination (T. 1449 of 14-10-21).
5. Location and employment of Reserves, Amalgamation of Presidency Banks, Trade with London and branches in London, Indian Directors and Establishment of branches (T. 1488 of 1920 & T. 859 of 5-5-21).
6. Legislation relating to Banks and Banking (T. 365 of 15-1-21).
7. Taxation and Budget, Income-tax and Import duties (T. 573 d/4-3-21).
8. Loans and Public Debts. (T. 917 of 26-5-21).
9. 7 per cent Sterling Loan (T. 811-A. 23-4-21, T. 852 d/3-5-21, and T. 953 d/8-6-21).

10. Abolition of Finance Committee, Appointment of Indians with special knowledge of Finance on the Finance Committee (Interview with Hon'ble Mr. Hailey on 12-4-21).

11. Not sending India's money to England and not transferring large sums (T. 859 d/5-5-21).

12. Trade Depression and inadvisability for Government of India to undertake any liability in financing Ter Meulen Scheme (T. 919 d/27-5-21).

COMMERCE AND INDUSTRIES.

1. Purchase of Stores (T. 1412 d/29-9-21).

2. Shortage of Wagons for coal (T. 762 d/15-4-21).

3. Shortage of wagons (T. 312 d/29-11-19).

4. Railway Rates (T. 298 d/3-1-21).

5. Grievances of Deck Passengers (T. 935 d/28-5-21).

6. Position of Indians in the Colonies (T 38/d/13-10-20).

7. Transfer of Aden (T 989/d/16-6-21).

8. Matters relating to Labour (T 1077/d/8-7-21).

9. Embargo placed by the Punjab Government on the import of liquor manufactured by Alembic Chemical Works Company of Baroda (T 30/15-9-1919 & T 963/d/21-4-20).

On these matters my Committee have not secured from them in some cases any acknowledgements, in other cases any assurance or explanation or information, and in almost all cases considered suggestions emanating from them as representing Indian commerce have been evidently ignored. In view of this there has been growing discontent with the working of the Departments and hence the demand made by them some time ago for the appointment of an Indian Member in the Executive Council in the first instance to take charge of the Department of Commerce & Industries and at the earliest possible moment later on another Indian to take charge of the Finance Department. They as businessmen feel that the continuance of the state of affairs in which Indian commercial opinion is persistently

disregarded unfortunately strengthens the forces of discontent and shakes public confidence in the assurances given by His Excellency's Government to render in all matters even-handed justice to Indian interests.

They would therefore respectfully urge that His Excellency the Viceroy should give them an opportunity of waiting on him at next occasion on which he comes to Bombay. Should His Excellency's engagements at that time not permit of this course and this is not possible, they would then request that a convenient date should be fixed for a deputation on behalf of this Chamber to wait on His Excellency at Delhi.

I beg, etc ,

S. M. MUZUMDAR,

Ag. Secretary.

APPENDIX LXXXIV.

Indian Shipping.

T. 1569.

16th December 1921.

To,

The Secretary to the Government of India,

Commerce Department,

DELHI.

Sir,

For some time past my Committee have been deliberating over the future of shipping on Indian coasts and the carrying of trade in connection with Indian exports and imports. They have also before them a copy of the contract which the Government have with the Peninsular and Oriental Steam Navigation Company Ltd., from which they see that the contract falls due on 31st January 1924. My Committee beg to request the Government that the contract when it falls due should not be renewed without giving the various commercial Associations and Chambers of Commerce an opportunity of examining the terms of the said contract and offering their suggestions and recommendations in respect thereof and

also in respect of Indian Shipping in general. In this connection my Committee beg to offer the following suggestions which they hope will receive the most careful consideration of the Government of India:—

- (1) Preferential treatment should be given to Indian Shipping in the matter of Mail contracts.
- (2) Preference should be given to Companies registered in India for the coasting trade.
- (3) Government should use their utmost influence in securing to Shipping Companies registered in India preferential treatment for dock-dues and berthing charges.
- (4) Monetary help should be given to Indian-owned Companies in the form of subsidies, cheap rate of interest, special facilities for ship-building, and preferential tariff for ship-building materials, special facilities for Indian students for learning the art of ship-building and navigation.
- (5) The Companies subsidised must encourage Indians in the position of officers.
- (6) A small Committee be appointed to suggest such action as may be necessary for the development of Indian Shipping in general.

I beg etc.,

S. M. MUZUMDAR.

Ag. Secretary.

APPENDIX LXXXV.

Proposal for Chamber's representation on the Senate of the University of Bombay.

T. 1556.

14th December 1921.

To

The Registrar,

The University of Bombay,

BOMBAY.

Sir,

I am directed by the Committee of this Chamber to address you this representation with a request that it will be placed before the Senate of

the University of Bombay. The constitution of the Senate of the University of Bombay is, my Committee learn, being revised and widened with a view to extend the franchise and to make it a thoroughly representative one. My Committee beg to request the University of Bombay to accord to this Chamber under the new constitution the privilege of electing at least two representatives to the Senate of the University of Bombay. This Chamber has at present on its roll 550 members and is thoroughly representative of Indian commercial and industrial interests. It enjoys the following privileges :—

- (a) Electing a Member to the Indian Legislative Assembly.
- (b) Electing a Member to the Bombay Legislative Council.
- (c) Electing a representative on the Advisory Committee to the Director of Industries.
- (d) Electing a representative on the Advisory Committee to the Bombay Development Department.
- (e) Electing a representative on the Bombay Port Trust every two years alternatively.

Commercial and industrial interests in several Western countries are represented on the Boards of the Local Universities and there is no reason why the same procedure should not be followed here. The University of Bombay no longer considers its function to consist merely in the development of what were hitherto considered academic studies. With the recognition of the B. Com. degree in the establishment of which my Committee took no small part, a very important departure was made from the restricted sphere of work commonly associated with the University. Time has now arrived when in the opinion of my Committee, a Faculty of Commerce should be established by the University of Bombay. In the meanwhile my Committee beg to hope that the Senate of the University of Bombay will be pleased to arrange for at least two representatives being elected by this Chamber on the Senate.

I beg, etc.,

S. M. MUZUMDAR,

Ag. Secretary.

APPENDIX LXXXVI.

Practice guiding Chamber's representatives on public bodies in the matter of voting on important matters.

Bangalore 15th November 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Dear Sir,

I am directed to ask you to kindly let me know the practice which guides your Chamber representatives on such public bodies as the Port Trust and Municipal Council in the matter of their voting on important matters dealt with by such bodies. Are your Representatives guided by the wishes or the orders of the Managing Committee of the Chamber, or are they absolutely free to record their vote in accordance with their own personal views in any particular question of importance touching the welfare of the Mercantile Community.

• Soliciting the favour of an early reply.

Yours faithfully,

K. SHAMA IYER.

Secretary.

T. 1562.

15th December 1921.

To

The Secretary,

Mysore Chamber of Commerce,

BANGALORE.

Dear Sir,

With reference to your letter dated 15th November 1921 regarding the practice guiding our representatives on public bodies in the matter of

their voting on important matters dealt with by such bodies, I am directed by my Committee to inform you that their representatives generally voice the views of the Committee when they have a direct mandate from them to that effect. That, however, does not preclude them from expressing their own views on any particular matter but whenever they have any occasion of doing so they are expected to put in a remark to the effect that the particular views expressed by them are their own individual views and not those of the Committee.

Yours faithfully,
S. M. MUZUMDAR,
Ag. Secretary.

APPENDIX LXXXVII.

Congestion in the Goods Yard at Wadi Bunder and Carnac Bunder.

Bombay, 5th December 1921.

To

The Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

Dear Sir,

I beg to hand you the enclosed copy of a letter forwarded to the Goods Superintendent, Wadi Bunder and Carnac Bunder and request you to put up a strong and suitable representation for the Railway Company considering the matter to be urgent.

Yours faithfully,
MAGANLAL J. MEHTA,
Hony. Secretary.

Copy.

Bombay, 3rd December, 1921.

To

The Goods Superintendent,

Wadi Bunder and Carnac Bunder,

BOMBAY.

Sir,

Re : Booking of Consignments from Bombay to out-stations.

We the undersigned dealers in Iron and Steel Materials at Carnac Bunder Iron Jutha Bombay, most respectfully lay before you the following few lines, for the favour of your kind inquiries and early removal of the difficulties, which we have to undergo at present, owing to your present restricted system of booking.

(1) At present since few months your gates for accepting the Goods are only opened once or twice a week, result of which is that there becomes a great congestion at your Yard and carts are unloaded one over the other and thereby packages are mixed up, which gives a chance to other unfair persons to alter the packages and get them booked to other stations for their own advantage and the owners find it impossible to trace out.

(2) By your adopting the above system traffic from all corners becomes tremendous and the cartmen raise their charges to as much as four times the usual in ordinary days when regular daily booking of goods was open. We have to undergo heavy loss by way of cartage; besides this, sometimes even on paying such high fares we are unable to procure the carts in time. Many times the traffic is so much that cartmen have to wait for hours and hours on the Road which causes great inconvenience to Tramways work and other passers by.

(3) After despatching the goods at your booking stations another difficulty is that we get the Railway Receipts after about 5 to 6 days and sometimes even more than that; thereby our orders are generally being cancelled as the customers do not wait and we have to bring back the

goods paying double expenses by way of cartage, Muccadamage etc. Moreover when the Market has a declining tendency we are put to loss in price too.

(4) The Railway Receipts for articles despatched are issued after great troubles from your booking clerks and many times our Muccadams etc., are harrassed for no reason which put us to great inconvenience etc.

(5) In some instances very often the booking is strictly restricted for certain stations and we have to wait for 2 to 3 weeks time, resulting that the customers do not pay our bills and we have to suffer by way of Interest.

There are many other minute points for which we do not bother but sincerely trust you will grasp our difficulties and troubles we are put to at present and have therefore to request you to be so good as to pay kind and immediate attention into the matter and arrange to avoid our difficulties thereby as stated above.

Thanking you in anticipation and expecting your favourable reply at an early date.

We remain, Dear Sir,

Yours faithfully, &c.

T. 1579.

19th December 1921.

To

The Goods Superintendent,

Wadi Bundar & Carnac Bundar,

BOMBAY.

Sir,

The Bombay Iron Merchants' Association have forwarded to this Chamber for information and favour of support copy of the representation made by the Association to you regarding booking of consignments from

Bombay to out-side stations. In this connection I am directed by my Committee to say that if the facts stated in the representation are true which my Committee have no reason to believe to be otherwise a very strong case is made out against the system which is in force for the present under which gates are opened for the booking of goods traffic only once or twice a week. My Committee have been informed of specific instances in which merchants have been compelled to pay Rs. 7/- to Rs. 8/- as cartage charges for carrying over goods for a distance of barely a mile. My Committee are of opinion that these sorts of unconscientious charges which the merchants have to submit to, together with other attendant hard-ships due to high pressure on the traffic on any particular day are only the result of the uneven and fitful ways of the Railway authorities in the matter of handling the goods traffic. With a view to remedy the hardships arising out of the present arrangements my Committee beg to submit the following recommendations :—

- (1) With a view to relieve congestion in the Goods Yard greater number of days should be allotted to the booking of traffic than it is at present ;
- (2) That special days should be assigned for the booking of traffic of special stations and notice thereof should be given to the merchants at least 24 hours before the commencement of the time fixed for receiving goods for that particular station.

My Committee hope that the above suggestions made by them will receive your most careful consideration.

I beg, etc.,
S. M. MUZUMDAR,
Ag. Secretary.

GREAT INDIAN PENINSULA RAILWAY.

(Incorporated in England)

Goods Superintendent's Office,

Wadi Bunder, 30th December 1921.

No. T. 2/7.

Dear Sir,

Your letter No. T.-1579, dated 19/12/21.

The gates at my goods depots are seldom closed against traffic. During this current week, the gates have been open for five days out of six. I have recently made an arrangement whereby iron consignments in full wagon loads can be dealt with at any time, provided it is placed on the 35th Road near No. 9 Shed, which should prove to relieve the congestion which has at times been experienced. We have an arrangement whereby consignments for stations as mentioned below :—

Wadsinge	Tilati	Nalvar
Wakav	Boroti	Yadgiri
Angar	Kulali	Saidapur
Nalikpeth	Ghangapur	Krishna
Pakni	Savalji	Chiksugar
Bale	Martur	Yermaras
Kumthe	Shahabad	Tikekarwadi

are despatched on Tuesdays only from Wadi Bunder, and I should be glad if you would advise your members to co-operate with us by bringing such goods into this depot on Mondays only.

Yours faithfully,

Illegible.

Ag. Goods Superintendent.

APPENDIX LXXXVIII.

Statistics relating to Foreign Insurance Companies.

T-600.

11th March 1921.

To

The Honourable Mr. C. A. Innes, C.I.E., I.C.S.,
Secretary to the Government of India,
Department of Commerce,
DELHI.

Sir,

The attention of my Committee is drawn to the fact that neither Indian nor Foreign Insurance Companies are required to state the amount of annual premium income collected in the Indian Empire from any class of insurance business other than life. Foreign Life Assurance Companies doing business in India lodge the usual returns with the Government of India but these returns do not show the Indian premium income separately from the total premium income. My Committee think that all this information is of great use not only to business circles but also to students of social progress in the country. They therefore beg to suggest that the Government of India will be pleased to enjoin on all the Indian and foreign insurance companies to submit the amount of annual premium income collected in India from Fire, Marine, and other insurances. Foreign Life Assurance Companies doing business in this country should be required to state separately the Indian premium income as distinct from the total premium income. If this information cannot be obtained from all these companies under the present legislation the Government will be pleased to make such a change or changes in the legislation as will give them powers to ask for such statistics.

I beg, etc.,

J. K. MEHTA,
Secretary.

No. 571-S.

Government of India.

DEPARTMENT OF COMMERCE.

Simla, the 13th May 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

Old Telephone Buildings, 19, Bank Street,

Fort, BOMBAY.

Sir,

I am directed to refer to your letter No. T-600, dated the 11th March 1921, and to say that the question of amending the Indian Insurance Law in other respects as well as to provide for the submission of statistical information relating to business transacted in India under each class of insurance by all Foreign and Indian Companies has long been engaging the attention of the Government of India, but as the question is an intricate one and cannot be considered as urgent, they now prefer to await the action taken on the Report submitted last year by the Industrial Assurance Commission as well as any legislation which may be considered necessary in the United Kingdom to bring reinsurance and marine insurance business within the purview of the Assurance Companies Act, 1909, before undertaking any fresh legislation in India. I am to add that the Government of India recognize that there is much to be said for your Committee's suggestion and undertake that it will be carefully considered when amendment of the Indian Insurance Law is taken up.

I have, etc.,

A. K. SARKAR.

Assistant Secretary to the Government of India.

D. O. No. 91-I.

DEPARTMENT OF COMMERCE.

Delhi, the 15th December 1921.

Dear Sir,

I have made enquiries on the point raised at the meeting I had with your Committee on the 7th ultimo regarding prospective amendments to Indian Insurance Law. Please see in this connection the correspondence resting with the letter from this Department No. 1889—S., dated the 1st September, 1921.

2. The Industrial Assurance Bill has only just been introduced in the House of Lords and may be considerably modified before it is finally passed. As stated in our letter No. 571—S., dated the 13th May 1921, the Government of India would prefer to await further developments in the United Kingdom before embarking on amendments to the Indian Act.

3. As your Chamber is doubtless aware, Assurance Companies in India which also carry on life assurance business in the United Kingdom in accordance with the English Act, 1909, are required to submit to the Government of India only the returns they furnish to the Board of Trade. These returns are more elaborate than those prescribed under the Indian Life Act, but they do not show separately the particulars relating to Indian business.

4. Another point which was also mentioned at the meeting was whether foreign companies of this class are required to lodge with the Controller of Currency deposits similar to that required of the Indian companies. As the Indian Act stands at present, non-Indian Companies of the above description may be exempted in this respect.

5. Both these points have been noted for consideration when the Indian Act comes up for amendment.

Yours faithfully,

H. A. F. LINDSAY.

To,

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

APPENDIX LXXXIX.*Purchase of Government Stores.*

No. 9461.

GENERAL DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 2nd August 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau.

Sir,

With reference to your letter No. T.—1149, dated the 26th July 1921 I am directed by the Governor in Council to forward copies of the letters from the Government of India, No. S.—183 and S.—217, dated the 29th March 1921, and accompaniments, containing the proposals of that Government on the report of the Stores Purchase Committee, and to request that if your Chamber has any views to offer with reference to these proposals, they may be communicated to Government as early as possible

I have etc.,

S. N. ZIMAN.

Deputy Secretary to the Government of Bombay
General Department.

 No. S.-183.

Government of India.

DEPARTMENT OF INDUSTRIES.

STORES.

To

The Secretary to the Government of Bombay,

General Department.

(and all Local Governments).

Dated Delhi, the 29th March 1921.

Sir,

I am directed to address you regarding the proposals made in the report of the Indian Stores Purchase Committee. The origin and terms of

reference of this Committee were explained in Resolution No. B-506-11 of the Government of India, dated the 5th December 1919, in which it was stated that the principle of a properly equipped agency in India for the purchase and inspection of Stores in India had been accepted by the Secretary of State, and a Committee had been appointed to work out a detailed scheme to give effect to that principle.

2. It will be observed that, though the Committee are unanimous in their view of the advantages which will accrue from the creation of such a Department and generally agree on the main principles of its constitution, several of its members have expressed discordant opinions on more or less important points of detail; in particular, in the joint memorandum signed by Messrs. Collier and Ryan. The Government of India subject to one or two modifications of importance which are generally in the direction of allowing greater freedom to local Governments, are provisionally inclined to follow the minority memorandum in many respects where it differs from the view taken by the majority.

3. I am further to explain that the Government of India have in order to avoid subsequent delay obtained the sanction of the Secretary of State to the appointment on a temporary basis of the chief departmental officers proposed by the committee, *viz*, the heads of the department and of the purchasing and inspection branches. The three officers when appointed will be able at once to work out details of organisation, recruitment, and accommodation, and will be available for personal consultation with local Governments on the various points set forth in this letter.

I am to remark in this connection that the Departments of the Government of India, including State-worked Railways, are responsible for so very large a proportion of the stores requirements of Government locally obtained, that the central Stores organisation is not likely to be materially affected in scope by the degree to which local Governments may desire to take advantage of its services, since the necessary equipment of expert purchasing and inspecting officers cannot, with due regard to efficiency, be allowed to fall below a certain minimum, even if the total work of the Department be somewhat less than the Committee have anticipated.

4. As already explained, the Government of India accept, as a working basis, the proposals of the Committee as modified by the minority memorandum. There are, however, certain important matters in respect of which the provisional views of the Government of India depart from this basis, and it is more especially with these points that the Government of India will deal in this letter, though they desire the opinions of local Governments also on such of the Committee's main proposals as are unaffected by the conclusions of the Government of India. A summary of these points will be found in paragraph 17 below.

5. I am in the first place to inform you that in response to a very urgent request from the Secretary of State for an expression of the Government of India's views regarding the allocation of the subject of stores and stationery, the Government of India submitted certain proposals, and in accordance with them Parliament have approved the following classification of Stores and Stationery:—

“Schedule I, Part I. Central subjects, item 22—Stores and Stationery both imported and indigenous, required for Imperial Departments.

Schedule I, Part II. Provincial subjects, item 27—Stores and Stationery, subject, in the case of imported Stores and Stationery to such rules as may be prescribed by the Secretary of State in Council.

Schedule II. List of provincial subjects for transfer, item 17—Stores and Stationery required for transferred departments, subject in the case of imported Stores and Stationery, to such rules as may be prescribed by the Secretary of State in Council.

Schedule III, rule 1. The previous sanction of the Secretary of State for India in Council is necessary.

* * * * *

(5) to any expenditure on the purchase of imported stores or Stationery otherwise than in accordance with such rules as may be made in this behalf by the Secretary of State in Council.”

The intention of the Government of India is that all departments of local Governments, whether reserved or transferred, should be able to make their purchases either through agencies set up by themselves, irrespective of any limitations on quality or price, or through the Central Stores Department, in which case purchases will be subject to the limitations which the Government of India are explaining in this letter and in their letter No. 217, dated the 29th March 1921, on the draft Stores Rules. The only restriction that the Government of India propose on the purchase of imported stores by local Governments is that, if ordered from the United Kingdom, they must be obtained through the London Stores Department. The rule in question, which should be read with the modification of Schedule III, rule I (5), quoted above, runs as follows :—

‘ In the case of purchases made by local Governments none of the above rules shall apply : provided that any such purchases, if from the United Kingdom, shall be made from the London Stores Department in accordance with any rules that may be made from time to time by the Secretary of State, the Government of India, or the Director General of Stores.’

Owing to the urgency of the Secretary of State's communication the Government of India were unable to consult local Governments on the above proposals, which however they believe are sufficiently liberal to command approval.

It is thus clear that the organisation and method of working proposed by the Government of India in this letter and in their letter No. 217, dated the 29th March 1921, on the draft Stores Rules affect local Governments but little, save in so far as they may illustrate the principles which the Government of India have decided to adopt, as most likely to conduce to the encouragement of Indian industries combined with economy of public expenditure ; and it is in the hope that these conclusions may be helpful to local Governments that the Government of India have explained them in this letter and in their letter No. 217, dated the 29th March 1921, on the draft Stores Rules.

6. While dealing with the subject of the relations between local Governments and the central Stores Department, the Government of India

think it desirable to draw the attention of the Government of ^{Madras} Bombay
 etc.,
 your attention

to the following matters:—

- (i) The Government of India trust that provincial Directors of Industries will be able to assist the Stores Department by the provision of intelligence regarding the extent of local manufactures and the currency of local prices.
- (ii) The services of the inspecting and purchasing officers of the Stores Department and of its organisation for the collection of intelligence will be fully available for the use of local Governments should they so desire it.
- (iii) The purchase of stationery will be dealt with in a separate communication.
- (iv) Ordinary local materials, such as sand, lime, bricks, and local timber will be excluded from the scope of the Stores Department.
- (v) Running contracts for large quantities of material or articles required by numerous indentors will be made when possible.
- (vi) Purchases on behalf of local Governments which elect to make use of the Stores Department's services must be made in accordance with the rules which may from time to time be framed by that department with the approval of the Government of India. It is anticipated that such rules will include the following provisions, (a) permission to indenting officers to obtain articles available under running contracts direct, reporting the important purchases to the Stores Department; deliveries in all cases being subject to inspection by the officers of that department: (b) a prescription that duplicate copies of indents on the London Stores Department should be sent

to the Indian Stores Department which will inform indentors for future guidance when articles included in such indents can be obtained from indigenous stores.

- (vii) For the reasons given in paragraph 96 of their report the Committee recommended that no charge should be levied on imperial departments, Provincial Governments and railway companies for the services of the Indian Stores Department, but they considered that Indian States, municipalities, etc., should be asked to make a reasonable payment for the services of the department. In view, however, of the new relations between central and provincial revenues and of the fact that full recovery will be made in the case of 'agency' work undertaken by the provinces for the central Government, the Government of India consider that it will be necessary to levy departmental charges in the case of supplies made by the Indian Stores Department to Provincial Governments. It has been decided tentatively to levy a charge of 2 per cent. in the case of supplies to Provincial Governments made through the Indian Stores Department. A similar percentage will be charged in the case of Indian States, municipalities, etc., while the same principle will, it is intended, be followed in the case of stores supplied to Railways and the commercial and quasi-commercial Departments of the Government of India.

7. I am to explain that the Government of India are unable to acquiesce in the far from unanimous conclusion of the Committee in favour of locating the headquarters office of the Stores Department at Calcutta. The Government of India agree with the Committee that the arguments in favour of accepting Cawnpore or Bombay as the headquarters are not very convincing, and the only alternatives that require serious consideration are Calcutta and the headquarters of the Government of India. In favour of Calcutta are the obvious advantages that arise from close and constant touch with important markets and manufacturing centres and possibly some economy in staff. On the other hand, an organisation with a large

commercial centre as its base of operations will to some extent tend to favour that centre at the expense of other centres. This cannot fail to arouse dissatisfaction which the Government of India are constrained to admit might not be without some practical justification, and they feel it to be a matter of great importance to hold the scales evenly in the allocation of Government purchases between all centres of manufacturing and trading interests throughout the country. The only method in which this can be done is by locating the headquarters office of the Stores Department at the headquarters of the Government of India, a course which indeed offers many practical advantages. Large running contracts for such supplies as steel, leather and textile manufactures are perhaps the most important individual pieces of work that will fall to be performed by the Stores organisation. These will in practice always have to be dealt with at Simla or Delhi, where the heads of the great consuming departments and of the Department of Industries can most conveniently meet the principal officers of the Stores Department and representatives of manufacturers. The location of the Central Stores office at Simla and Delhi will have the incidental advantage of facilitating the rapid disposal of questions relating to the working of that department that may arise in the Legislative Assembly, or of enquiries and complaints addressed to the Government of India by commercial bodies or private individuals. Finally it is important that the Department of Stores should not adopt an attitude of departmental aloofness in its dealings with the consuming departments which it will be created to serve. Location at a distance from the headquarters of the Government of India will certainly tend to foster such an attitude. The balance of advantage, therefore, seems to lie with the choice of Simla and Delhi as the headquarters of the Stores organisation.

8. The Government of India think it desirable to modify the titles suggested by the Committee for certain of the officers of the department. They propose that the head of the department should be entitled the Chief Controller of Stores, and that the head of the Inspection branch should be called the Chief Inspector, his subordinate gazetted officers being entitled Inspectors or Assistant Inspectors according to their status and responsibilities.

9. The Committee in paragraphs 151, 157, 166 and 197 of their Report propose the creation of provincial agencies at Calcutta, Bombay, Madras, Cawnpore, Lahore and Rangoon. The functions proposed for these agencies are as follows :—

- (1) to receive local demands and make purchases locally, or pass on the demands to the central office, and in special cases to make local purchases on behalf of headquarters ;
- (2) the collection of local industrial intelligence and the dissemination locally of information regarding other provinces ;
- (3) to take administrative charge of inspection depots and pattern rooms ;
- (4) to keep in touch with, assist and advise local indenting officers.

Although these proposals are substantially in accord with the recommendations of the conference of Directors of Industries held at Simla in April 1920, the Government of India do not see their way to support them. It will be impossible to appoint local officers with special knowledge of more than one class of articles ; and for other classes their knowledge will contrast unfavourably with that of local officers of the Public Works and Industries Departments and they are therefore not likely to command the confidence of, or render real assistance to, indenting departments of local Governments. Local Governments will naturally desire in many cases, to create, their own local stores organisations ; and while they will doubtless welcome the advice and assistance of an expert and fully equipped central Stores Department, are unlikely to use the service of non-expert provincial agents, whose position on the other hand might lead them to attempt undesirable interference and to create friction between local Governments and the central Stores Department. The provincial agencies proposed by the Committee are moreover obviously inadequate for the work to be performed at large centres like Calcutta and Bombay, while they are probably in excess of the requirements in some of the less developed centres. The

Government of India propose, therefore, to locate a stronger and more specialised local staff at the main purchasing centres and to postpone for the present any attempt to create a local purchasing agency elsewhere, relying in the meantime for the collection of intelligence on the local Directors of Industries and on the local commercial intelligence staff (on the creation of which they have already consulted you in their letter* No. 7558, dated the 22nd September 1919). Their proposals for the local purchasing staff at Calcutta and Bombay include the following appointments :—

Location.			Class of purchases.	Salary.	
				Rs.	
Calcutta	...	...	Engineering Miscellaneous	(1)	on 1,800
				(1)	on 1,000
				(1)	on 1,500
Bombay	...	...	Textiles Engineering.	(1)	on 1,800
				(1)	on 750
				(1)	on 1,500
Cawnpore (probable)	...		Leather and Textiles.	(1)	on 1,500

In addition to the above staff, inspecting officers will be located at these centres and at Jamshedpur, as explained in paragraph 11 below.

10. The Government of India do not think it possible under present circumstances to give effect to the proposals in paragraphs 168 and 169 of the Committee's report for the purchase and inspection of timber, including sleepers. The main objection to such a proposal is the impossibility of securing under existing conditions the adhesion of company-worked lines to this scheme. The Government of India therefore prefer to maintain for the present the existing organisation created for the purchase of sleepers by the Railway Board, and to await the falling in of the contracts of company-worked lines, when they will be in a position to impose on such companies, should it be so decided, the obligation to purchase sleepers or other

*To Bombay, Bengal and Burma only.

stores through the Stores Department. The elimination of sleeper purchase from the Committee's scheme leaves too small a balance of other timber purchases to justify the creation of any special agency under the Stores Department, although it should be possible to centralise the purchase of timber for Government requirements, in Burma at any rate, under some special agency of the Forest Department.

The Government of India agree in the conclusion of the Committee as expressed in paragraph 188 of their Report that there are certain classes of stores, orders for which can be bulked by a central agency with great advantage. But in addition to the classes of articles enumerated in paragraph 188 (i) to (iii), there is an even more important class which should also be included in the procedure proposed for the purchase of these classes of stores, *viz.*, steel and iron as produced by the blast furnace, steel hearths or rolling mills and not further, manufactured into articles, but including steel intended for structural work.'

11. The only remarks which the Government of India find it necessary to make regarding the inspection branch relate to the location of the superior staff. The Committee appear (paragraph 151 of the Report) to contemplate that the officers whom they designate as Chief Inspectors, though touring generally, should have their headquarters with the central office of the department. Though there are some arguments in favour of this proposal, the Government of India prefer to locate each of these officers, whom they prefer to call inspectors, at the centre where the class of manufacture with which he deals is most developed. This will enable some reduction to be made in the local staff proposed by the Committee, though it will influence their efficiency, especially in the collection of intelligence; will keep inspectors in close touch with manufacturing conditions; will assist them to improve local manufactures in the way contemplated by the Committee; and will strengthen their control on their subordinate staff. The location provisionally contemplated by the Government of India is the following :—

Location.				Functions of Inspectors.
Calcutta	...	...	...	Structural and Railway ; Mechanical and Electrical.
Cawnpore or Calcutta	...	...	...	Leather.
Bombay	...	...	...	Textiles.
Jamshedpore	...	...	...	Metallurgical.

12. The Committee have made no definite proposals for the financial powers of the Chief Controller of Stores. The Government of India are of opinion that he should obtain their sanction to any of the following transactions ;

- (a) to any contract involving the expenditure of more than Rs. 16 lakhs in any one year ;
- (b) to purchases in excess of actual indents ;
- (c) to running contracts which would bind Government to purchase more than its total estimated requirements ;
- (d) to any purchase involving the payment of an amount in excess of the market price with a view to encouraging indigenous production, or the grant of a bonus on production. (These questions will be dealt with in greater detail in paragraph 13 below) ;
- (e) to contracts exceeding 3 years and involving expenditure of over Rs. 1,00,000 in any one year ;
- (f) to the writing off of losses owing to mistakes in purchase or inspection resulting in losses which cannot be fairly debited to indenting departments.

The Government of India propose that, when the Chief Controller of Stores, the Chief Inspector and the Director of Contracts and Intelligence have been appointed, they should make the necessary initial recruitment, with the advice of temporary local committees ; and that subsequent regular recruitment should be made through the Public Services Commission.

13. The Government of India approve most of the recommendations for the encouragement of indigenous manufactures set forth in paragraphs 101-107 and in Chapter V of the Committee's report, subject to the following remarks :—

- (i) They are considering separately the proposals of the Committee made in paragraph 104 of their report regarding the grant of favourable railway rates.

- (ii) With reference to the Committee's remarks on the effect of the increase in the sterling value of the rupee on the prosperity of Indian manufacturers, the Government of India do not consider that any sufficient proof of inability on the part of Indian manufacturers to compete at the recently high exchange rates has been adduced by the Committee; nor has a sufficient degree of stability been reached in respect either of the exchange rate, as is shown by the recent fall, or of the cost of manufacture and transport in England and India, to enable the position to be estimated with any certainty. They will, however, watch carefully the effect of the above conditions on the prosperity of Indian manufacturers.
- (iii) The Government of India desire to direct the particular attention of local Governments to the very difficult question dealt with in paragraph 103 of the Committee's report, namely, the idea of paying prices higher than market prices for a locally made article in order to encourage indigenous manufacture. The alternative proposal of accepting goods of inferior quality, the Committee rightly condemn as likely to lead to abuse. The Committee's proposal is "that the additional cost involved should not usually fall on the consumer but be allocated to a special head from which grants should be made by the Imperial or local Governments as the case may be." Under the proposals of the Government of India for the allocation of functions explained in paragraph 5 above, local Governments, as already pointed out, will have full power to pay whatever price they may see fit for indigenous or even for imported stores. The Government of India however feel it necessary to point out the dangers attending the use of this power. The working of the Stores Department, whether imperial or provincial, should be governed strictly by business standards both as regards price and quality, and any departure from these standards may lead, not only to extravagance or possible corruption, but to the grant of support to a provincial manufac-

ture to the detriment of a similar industry in an adjoining province. These considerations will doubtless engage the anxious attention of local Governments ; and it is presumed that they will desire to exercise these powers only sparingly and under proper safeguard. A check on their procedure will be provided by the Committee on public accounts. The central Stores Department will always be ready to assist the Finance Departments of local Governments with any information that may be needed for the proper presentation to the Public Accounts Committee of cases of undesirable procedure. For purchases with which the Government of India are themselves concerned, they would only permit this form of assistance in very special cases ; their sanction will be required in each instance, and would be given only after careful consultation with the consuming department and other interests concerned. In their view if it is desired to encourage an indigenous industry by any form of purchase on favourable terms, this should be by way of an openly declared bounty applicable to the whole country and the entire production of the industry wherever it exists, not by the payment of a bonus only on the articles consumed by Government. The payment of a bounty in this way is, it is clear, a form of fiscal protection ; and the country as a whole will not get the benefit of such protection unless its precise terms are made known to the public. Any form of protection that can be given haphazard, or which absolutely prevents outside competition, is not likely to do permanent good to the industries of the country. The grant of bounties of this sort cannot be lightly resorted to, since it will involve the provision of a careful check over the number of articles actually produced, in order to avoid fraud, which can only be prevented through constant local inspection. The Government of India feel that the question of encouragement by either of the above methods of local industries is fraught with serious difficulties and dangers, and should not in any case be undertaken without the most careful consideration.

14. The purchase of imported stores is a matter on which the Members of the Committee have exhibited a considerable divergence of opinion. The proposals of the Government of India regarding the allocation of functions to the departments of local Governments have, however, eliminated almost entirely, it is hoped, the causes of variance, so far as the departments of local Governments are concerned. Local Governments will have a freehand to purchase all kinds of stores either through the central Stores Department, or through their own agency. The operations of the central Stores Department should, the Government of India think, be governed in this respect by existing rules with the few relaxations that are proposed by them or by the Committee. These provisions have in the past operated generally in the direction of economy. The Government of India are well aware of the difficulties which these provisions entail ; but they trust that the relaxations proposed by them have removed the most serious objection ; and it will be open to local Governments, if they prefer a less restricted though possibly less economical method of purchase, to set up their own agencies. With regard to the main principle of the purchase of imported stores, the Government of India find themselves in general agreement with the minority proposals, and propose to follow them, so far as their own purchases are concerned, for the following reasons. Too free local purchase of imported stores will tend to discourage the replacement of imports by local manufactures, and to strengthen the existing vested interests which have preferred in the past an easy profit from the sale of imports to risking their money in attempts to produce locally. The Government of India also think it probable that the free local purchase of imported stores will not be in the interests of economy. This question has in the past been the subject of much dispute, which can only be settled effectively with the help of a local agency for purchase and inspection. The practical experience of such an agency will enable the Government of India and local Governments to decide to what extent and in what cases the local purchase of imported stores is advisable.

15. The position of the London Stores Department has been dealt with in paragraphs 44 and 45 of the majority and in paragraphs 14, 15, 23

and 26-30 of the minority memorandum. The Government of India agree with Messrs. Collier and Ryan's memorandum in holding that two separate Stores Departments, one in England and one in India, with entirely separate responsibilities and fields of action, the one controlled by the Government of India through the High Commissioner, and the other by the Department of Industries, is an arrangement which can be worked without difficulty or friction; they see obvious objections to the dual control of the London Stores Department by the High Commissioner in London and by a subordinate Department of the Government of India in Simla-Delhi. The appointment of a High Commissioner in London subordinate to the Government of India renders it possible to secure that the London Stores Department shall work in accordance with the declared policy of the Government of India in favour of obtaining an ever increasing proportion of its requirements from Indian manufacturers and will confine itself to the necessary duty, which it has hitherto fulfilled of providing such stores as have still to be obtained from overseas, with the greatest possible economy, efficiency and despatch.

16. I am to explain that the opinion of local Governments will be separately invited on the draft rules for the purchase of Government stores proposed by the Government of India.

17 Summary of proposals; and suggestions for immediate action.

Location.

(1) Headquarters of Stores organisation to be with the Government of India (Report, paragraphs 152-156).

(2) Head of organisation to be styled Chief Controller of Stores, and to receive a salary of Rs. 3,000—100—3,500 (Report, paragraphs 163 and 197).

(3) Committee's proposal to create provincial agencies at Madras, Lahore and Rangoon not supported. Purchasing officers to be appointed at Calcutta and Bombay (one on Rs. 1,800 and one on Rs. 1,500, at each and assistants on Rs. 1,000 and Rs. 750 at Calcutta and Bombay

respectively) ; and possibly a man on Rs. 1,500 will be found necessary at Cawnpore (Report, paragraphs 151, 157, 166, and 197).

Intelligence and price comparison.

(4) Industrial Intelligence to be provided by purchasing and inspecting staff, Directors of Industries and the Commercial Intelligence Department. It should be compiled by purchasing officers, and Controller of Provincial agents and intelligence proposed by Committee is not required. An officer may be needed for miscellaneous intelligence (Report, paragraphs 165 and 197).

Purchasing organisation.

(5) Purchasing officers to be controlled by a Director of Contracts and Intelligence on Rs. 2,000—100—2,500 (Report, paragraphs 164, 183, and 197).

(6) Possibility of Committee's proposed organisation for timber and sleeper purchase depends on concurrence of company-worked lines. Centralised purchase of timber in Burma might be carried out by Forest Department, if above arrangement has to be postponed (Report, paragraphs 168 and 169).

Inspection arrangements.

(7) Appointment of a Chief Inspector on Rs. 2,250—100—2,750 against Rs. 3,000 proposed by Committee (Report, paragraphs 173, 183 and 198).

(8) Stores organisation to inspect all purchases by specially exempted Departments (Report, paragraphs 120, 121, 122 and 147).

Powers and finance of purchases.

(9) Chief Controller of Stores to have full powers in respect of purchase, subject to obtaining sanction of the Government of India :—

- (a) to any contract over 16 lakhs in any one year ;
- (b) to purchases in excess of indents ;
- (c) to contracts binding Government to buy more than estimated requirements ;

- (d) Where it is proposed to allow a premium over and above market price to encourage indigenous production or to give a bonus on production (the latter of which courses is greatly preferred);
- (e) to contracts exceeding 3 years and involving expenditure of over Rs. 1,00,000 in any one year ;
- (f) to write off losses owing to purchase of unsuitable stores.

(10) Indenting departments, including provincial Governments, Indian States and semi-public bodies, to be debited with estimated proportionate cost of purchasing organisation. (Report, paragraphs 96, 209 and 210).

(11) Any increase in cost of stores over original estimate to be intimated to the indenter at once (Report, paragraph 202).

(12) Payment should be prompt, and interest may be sometimes paid in case of delay (Report, paragraph 202).

Initiation of Department, recruiting and deputation.

(13) Sanction of the Secretary of State to be obtained for the Department to be started by appointment of the Chief Controller, the Chief Inspector and the Director of Contracts and Intelligence (Report, paragraphs 184 and 185). Sanction has been obtained to this proposal.

(14) Other initial recruitments to be made by Chief Controller with the advice of temporary local committee ; subsequent regular recruitment to be through Public Service Commission (Report, paragraphs 195-199).

(15) Officers should be deputed from London Stores Department to Stores Department in India and *vice versa* ; and officers might be occasionally deputed to Stores Department in India from the main consuming Departments (Report, paragraphs 198 and 199).

Liability of Government Departments to purchase through Stores Agency and methods of purchase.

(16) It will be optional for local Governments, company-worked railways, semi-public bodies and Indian States to obtain their requirements through the Stores Department. All Departments of the Government of

India must obtain from the Stores Department such stores as are not specially excepted from its operations; provided that certain technical Departments may make their own local purchases of specialised engineering plant and machinery. The Medical Department should follow existing arrangements (Report, paragraphs 92, 95, 147, 149 and 188).

(17) Coal, stationery and ordinary local materials such as sand, lime, bricks, jungle timber to be excepted from the scope of the Stores Department (Report, paragraphs 147 and 148).

(18) Demands from numerous indentors for same class of material or article should, when possible, be combined into a running contract (Report, paragraph 189).

(19) Requirements included in annual indents should be notified to the Chief Controller of Stores in the case of all articles included in headings (i) to (iii) of paragraph 188 of the Committee's Report and of certain classes of iron and steel by all departments; and of all articles by the Army, except the Ordnance Factories and Military Works Service. When such articles are included in running contracts, indenting officers should purchase direct under such contracts. Purchases under supplementary indents should be made (a) in the case of a running contract by the indentor under that contract; (b) in other cases by the indentor, if within his financial powers; if not, by the Chief Controller of Stores [Report, paragraphs 147-(c) and 189].

(20) Duplicate copies of indents on the London Stores Department should be sent to the Chief Controller of Stores, who will inform indentors for future guidance when articles so included can be obtained of indigenous manufacture. This procedure would not apply to indents for lethal weapons and ammunition. (Paragraphs 18, 19 and 22 of Messrs. Collier and Ryan's memorandum).

(21) Stock depots not recommended (Report; paragraphs 17-21).

Special methods of encouragement to indigenous production.

(22) Firms may be given guaranteed orders in certain cases [Report paragraph 101 (a)]

(23) In certain cases of local manufacture, contracts should include clause permitting variations in price to meet changes in wage rates and cost of materials (Report, paragraph 107).

(24) Committee's recommendations to meet losses to Indian manufacturers caused by rise in exchange postponed for consideration when conditions are more settled and more definite information is available (Report, paragraphs 105-106)-

(25) Manufacture of articles which can be purchased from private producers should not be carried out in Government factories, unless special military considerations exist or unless special reasons exist which must be reported to the Government of India ; and Stores Department should watch to what extent this provision is complied with (Report, paragraphs 76-90).

(26) Where purchases are made at rates above normal to benefit an industry or where bonuses are given extra cost should be borne by general revenues of Government, see also item 9 (d) above (Report, paragraph 103).

Purchase of imported stores.

(27) Local purchase of imported stores should not be permitted as a general rule ; and Stores Rules should contain certain restrictions on this practice. Working of this principle should, however, be watched by the Chief Controller of Stores. (Paragraphs 6-15 of Messrs. Collier and Ryan's memorandum).

(28) Purchases of imported stores may be made from branches of manufacturing firms under certain conditions. (Paragraph 12 of Messrs. Collier and Ryan's memorandum).

Powers of local Governments in respect of stores purchase.

(29) Purchase of stores required for Imperial Departments should be a central subject. Stores may be obtained by reserved or transferred Departments either from the central Stores Agency, or through agencies created by themselves, provided that in the former case such purchases must be subject to the Stores Rules and to such other rules as may be made for the guidance of the Central Stores Department ; and, in the case

of purchases made from the United Kingdom, to such rules as may be made from time to time by the Secretary of State, the Government of India or the Director General of Stores.

(30) Local Governments should be permitted to purchase imported stores except that, in the case of stores ordered from the United Kingdom, they should be indented for through the London Stores Department (Report, paragraphs 91-96 and 221).

Position of London Stores Department.

(31) The London Stores Department should be independent of the Stores Department in India, and should be controlled by the Government of India through the High Commissioner. Articles manufactured in other countries than the United Kingdom should be purchased through the London Stores Department, except where their purchase in India is permitted under the Stores Rules. The London Stores Department should continue to transmit stores obtained from military and naval organisations of the British Government (Report, paragraphs 44, 45, 114 and 115 and paragraphs 14, 5, 23 and 26-30 of Messrs. Collier and Ryan's memorandum).

18. I am to request that the opinions of local Governments may be forwarded to the Government of India not later than the 1st July 1921.

I have etc.,

A. C. CHATERJEE,

Secretary.

No. S-217.

Government of India.

DEPARTMENT OF INDUSTRIES.

(STORES)

To

The Secretary to the Government of Bombay,

General Department.

BOMBAY.

(& other local Governments).

Dated Delhi. the 29th March 1921.

Sir,

		<u>Madras</u>
	the opinion of the Government of	<u>Bombay</u>
I am to invite	<u>your opinion</u>	etc.

on the accompanying draft of revised rules for the purchase of stores for the use of Government Departments. The necessity of recasting the rules arises from the proposals of the Stores Purchase Committee, who have dealt with the question of the rules in their report. The views of local Governments on the remaining proposals of the Committee are being asked in the letter from this Department No. S-183 dated the 29th March 1921. Many of the remarks and explanations contained in that letter will be found relevant to a consideration of the present subject under reference; but the Government of India consider that it will be more convenient to local Governments if the subject of the stores rules be dealt with separately. It will be observed that the rules have been divided into two parts, the latter of which applies to Governors' Provinces.

2. I am now to explain the tentative views of the Government of India regarding the draft rules which are attached to this letter.

Preamble.—It is obviously desirable, and the Government of India proposed to the Secretary of State in 1907, that a distinct declaration should be made in the rules of the policy of the Government of India in favour of the purchase of stores of indigenous manufacture.

Rule. 1.—The expression “the price not unfavourable” appears to the Government of India preferable to the expression “the price reasonable” used by the majority of the Committee. The expression “not unfavourable” calls for a comparison of prices, but does not prevent the purchase of indigenous stores at a negligible excess cost. It also permits other factors of economy, such as promptitude of delivery, being taken into account. This is desirable, since there are many cases where no definite loss can be pointed to as likely to arise from delay, though there is a general advantage in promptitude.

Rule. 2.—Condition (b) which deals with manufacture from imported materials is less favourable to the Indian manufacturer than Rule 1, which relates to purely indigenous manufactures.

Rule. 2. (b).—Postulates a stricter comparison of price than Rule 1. There are various instances (*e. g.* the manufacture of wagons and girders from steel plates) in which manufacture from imported materials will shortly be in direct competition with manufacture from indigenous materials, and the necessity of the differentiation is of some importance.

Rule 3.—The Government of India have considered the desirability of modifying the form in which this rule is cast, but are of opinion that such a course is not at present desirable. In the draft rules prepared by the Government of India in 1907, purchase in India of imported stores was made the rule to which certain exceptions were permitted. The present draft makes the purchase of such stores through the London Stores Department the rule, and local purchases the exception. In the opinion of the Government of India, though the form of the 1907 draft is theoretically preferable, it is safer to retain for the present the general prescription in favour of purchases from the London Stores Office, and to increase the number of exceptions as experience is gained, than to call on the new organisation proposed for the purchase of stores in India to work on so important a modification of the principles hitherto observed.

Rule. 3 (a).—The Government of India have modified the draft of the minority memorandum, so as to permit the purchase of articles which are on their way out to India, as is proposed in draft rule 5.

Rule. 3 (c).—This portion of the rule is based on the proposal made by the Government of India in 1913 and repeated in 1917, modified in deference to certain criticisms made by the Secretary of State. With reference to the general provisions of this rule in favour of purchase from branch firms, the Government of India are in full agreement with the views of the Industrial Commission (paragraphs 83 and 194 of their Report) & of the Stores Purchase Committee (paragraph 112 of their Report) that the setting up of branches of British manufacturing firms in India will encourage the development of local manufacture and is, indeed, in the case of many important industries, the only practical means of introducing certain specialised forms of manufacture into the country. It was originally proposed to include a list of firms from which purchases might be made and of articles which might be purchased. The Government of India found that the list of articles gave great trouble in compilation, while this list and the list of firms are liable to constant changes; and it appears preferable to leave the compilation of these lists to the Chief Controller of Stores. The proposal to include fully equipped technical agents, who differ in name and legal constitution only from branches of firms, is necessary.

Condition (i) has been added by the Committee to meet the criticism of the Secretary of State that the ordering should be done by an expert, and not by an unspecialised departmental officer.

Condition (v).—The Government of India propose to raise the limit of Rs. 20,000 to Rs. 50,000.

Condition (vi).—The suggestion was made by the Secretary of State that plant which is of such a nature that defects in it may lead to loss of life or serious injury to the public service should be excluded entirely from the scope of this rule. Condition (vi) has been introduced to obviate the objection, the proposed condition of "works inspection" affording the necessary safeguard.

Rule. 5.—The Government of India invite attention to the addition of the expression 'in case of emergency' to the existing conditions 'when

inconvenience to the public service would be caused' and 'when owing to the greater promptitude of supply an economy could be effected.' This addition will enable purchases to be made without the necessity of proof that loss would occur if the indent were sent home. When a work is urgent and the risk of delay must be avoided then, if it is known that stores of suitable quality and price can be procured in India, it is obviously sound to eliminate the risk, even if that risk cannot be exactly estimated.

Rule 7 (viii) The Government of India's draft cancels the existing permission to purchase Australian lead locally; now that Burma lead of excellent quality is available, there seems to be no reason for this permission.

Rules 8 and 9 of the existing Stores Rules are omitted from the draft for obvious reasons.

Rule 8 (1) The mention of specific sums representing interest, insurance and freight brokerage is omitted, since such charges are at present fluctuating.

Rule, 11.—The sanctioning powers of purchasing officers are increased, and this partly follows from the general rise in prices. The separate limits which previously existed for purchases under rules 3 and 5, should, the Government of India agree, now be amalgamated.

Rule 13.—This rule has been added in order to make effective the Government of India's proposal to grant full liberty, with one trifling exception, to local Governments in respect of their purchases of all classes of stores.

3. I am to request the favour of an answer to this letter by the 1st of July 1921.

I have, etc.,

A. C. CHATTERJEE,
Secretary.

Proposed rules for the supply of articles for the public service.

PREAMBLE.

The policy of the Government of India is to make its purchases of stores for the public service in such a way as to encourage the industries of the country, so far as is consistent with economy and efficiency. In pursuance of this policy the following rules are issued for the supply of articles for the public service. These rules, which are subject to any instructions regarding specific articles which have been or may be issued by the Government of India from time to time (e.g., those relating to the supply of stationery) supersede all previous orders which are not explicitly continued.

Rules applicable to the Government of India and to Provinces other than Governors' Provinces.

RULE 1.—*Articles manufactured in India from Indian materials.*

All articles which are produced in India in the form of raw material, or are manufactured in India from materials produced in India, should, in preference to articles not manufactured in India or wholly or partly manufactured in India from imported materials be purchased locally, provided that the quality is sufficiently good for the purpose, and the price not unfavourable.

RULE 2.—*Articles manufactured in India from imported materials.*

All articles wholly or partly manufactured in India from imported materials should, in preference to articles not manufactured in India, be purchased in India, subject to the following conditions :—

- (a) That a substantial part of the process of manufacture of the articles purchased has been performed in India;
- (b) That the price is as low as that at which articles of similar quality can be obtained through the Store Department, London.
- (c) That the materials employed are subjected to such inspection and tests as may be prescribed by the Government of India.

Note.—The term “a substantial part of the process of manufacture” in clause (a) means that a substantial part of the preparation of the finished article must be performed in India, whether from raw materials or from component parts obtained in a finished state from other sources.

RULE 3.—Articles which are not manufactured in India.

Articles which are not manufactured in India should be obtained by indent upon the Store Department, London, except in the following cases :—

- (a) When the articles are already in India at the time of order or are already on their way out, and their price and quality are not unfavourable as compared with those at which similar articles could be obtained through the Store Department, London, and the cost of the supply does not exceed the limits prescribed in Rule 11. When the total value of the articles required is trifling it is generally desirable to purchase them locally.
- (b) In the case of important construction works let out on contract, articles not manufactured in India required for the construction of such works may be supplied by the contracting firm subject to the following conditions :—
 - (i) That the firm is approved by the Government of India and is included in the list of firms to approved. A list of firms which have been approved up-to-date is given in Appendix A to these Rules.
 - (ii) That the materials are subject to the current specifications and tests prescribed by the Government of India.
- (c) Plant and machinery and component parts thereof may be purchased from branches* established in India of British manufacturing firms borne on the list of the Store Department, London, and approved by the Chief Controller of Stores, India, provided that the following conditions are observed :—
 - (i) That the purchase is made by the Chief Controller of Stores, India, or by a highly qualified engineer directly

*Branches may be held to cover approved technical agents of British manufacturers who do not merely act as selling agents but are also in a position to render the same kind of technical assistance in India as actual branches of the firms.

responsible to the Government of India for the order so placed.

- (ii) That the plant and machinery are of standard patterns such as are ordinarily manufactured by the firm; and have actually been so manufactured.
- (iii) That the branch firm entertains a staff of expert mechanics capable when so required of erecting and repairing the plant and machinery which it supplies.
- (iv) That the actual price of the articles (exclusive of any expenditure representing cost of erection) is as low as that at which articles of the same make can be supplied by the Store Department, London.
- (v) That the cost of supply under any one order or detailed estimate, in respect of any one type of standard plant or machinery, does not exceed Rs. 50,000.

(N.B.—Care must be taken to prevent orders being split up in such a way as to evade the intention of this condition).

- (vi) That when test or inspection of the plant or machinery during manufacture or before shipment is necessary or desirable arrangements should be made for such test and inspection to be carried out by the Store Department, London.

Note.—It should clearly be understood by indenting officers that this rule is subject to the preference which should be given under Rules 1 and 2 to articles of Indian manufacture,

RULE 4.—*Articles which should be purchased in India.*

The following articles, whether manufactured or produced in India or not, should be purchased in India provided that they comply with the current specifications, are of the requisite quality, and can be obtained at a not unfavourable price :—

- (a) Those of a perishable nature, (b) Explosives. (c) Block tin.
- (d) Wines and spirits and English bottled beer for the use of

Government hospitals in India. (e) Kerosine oil. (f) Plant and materials for electric installations intended to take current from existing centres ; and small electrical power and lighting plants of not more than 25 kilowatt capacity, which involve the provision of generators and cables for distribution provided they comply with the current specifications and tests prescribed by the Store Department, London. (g) Australian timber. (h) Australian copper. (i) Italian marble. (j) British Columbian timber. (k) Plant and materials for small gas installations the cost of which does not exceed Rs. 15,000, (l) Cheap articles of common use required in small quantities only. (m) Such other classes of articles as may from time to time be prescribed by the Government of India. All such cases should be reported to the Secretary of State for his information.

RULE 5—*Special purchases in India.*

In cases of emergency, or when inconvenience to the public service would be caused by waiting to obtain an article from England through the Store Department, London, or when, owing to the greater promptitude of supply, an economy can be effected by purchasing in India articles which, under the foregoing rules, should be obtained through that Department, the purchase may be made in India, subject to the limits prescribed in Rule 11 ; provided that the articles are in India at the time of order or are already on their way out. In such cases if the value of the articles exceeds Rs. 1,500 the sanctioning officer should place on record the reasons which make the local purchase desirable. This record shall be available for the inspection of the Examiner of Accounts or the supervising officer when required.

RULE 6.—*Inter-departmental purchases.*

Nothing in the rules is to be deemed to prohibit the purchase of stores of European manufacture by one Department or railway from another.

RULE 7.—*Method of obtaining stores not purchased in India.*

All articles which, under the foregoing rules, are not to be bought in India, should be obtained by indent on the Stores Department, London, except any which the Secretary of State may have specially authorised the Government of India or its officers to purchase direct outside India. Such purchase is at present permissible in the case of the following articles :—

- (i) Seeds. (ii) Cinchona bark. (iii) Articles for experimental or research purposes required by officers approved by the Government of India from time to time. A list of the officers thus approved is given in Appendix B. (iv) Excise instruments and apparatus required by provincial Excise Departments for experimental or research purposes. (v) China, glass, cutlery, plate, crockery and perishable fabrics, including linen for residences which are furnished by Government. (vi) Australian timber. (vii) British Columbian timber. (viii) Such articles as Superintendents of Vaccine Depôts may require for the preparation of vaccine lymph (e. g., lanoline and glycerine). (ix) Chemicals and scientific instruments which do not require careful inspection and testing or which are of standard description usually quoted by well known firms, provided that the articles cannot be procured from the Medical Store Depôts. (x) Articles required for Viceregal residences in special and urgent cases.

Note.—Payments for stores purchased under this rule should be made direct to the suppliers by the purchasing officers.

RULE 8.—*Method of comparing prices.*

In all cases in which the selection of source of supply depends upon comparison of prices the procedure to be adopted for such a comparison is as follows:—

- (i) A reference should be made to Home prices notified continually by the Store Department, London, to the Chief Controller of Stores, India, or as otherwise ascertained, and freight

should be added at the current rates paid by the Store Department, London, together with such charges for interest, insurance, and freight brokerage as may be declared from time to time by the Chief Controller of Stores. (iii) In cases of important contracts, the prices ruling in the English market should be ascertained by telegraphic reference to the Store Department, London. (iv) In cases where the necessary information as to Home prices is not available the purchase in India shall be subject to the condition that the price is not unfavourable. (v) In order to arrive at the market value at an Indian port of the article imported from England the following charges shall be included:— (a) Landing, wharfage, and port charges; (b) Customs duty as shown in the tariff to be applicable to the article in question, to be calculated on its cost plus the additional charges mentioned in the earlier part of this rule. (v) The cost of carriage to site from port or place of manufacture, as the case may be, shall be taken into account.

RULE 9.—*Tests.*

Any articles purchased in India which should be tested are liable to the specifications laid down from time to time by competent authority, with the approval of the Government of India, and should be required to pass the tests prescribed for such articles.

RULE 10.—*Firms from which iron and steel may be bought in India.*

Important iron and steel work, if purchased in India, should only be obtained from firms approved by the Chief Controller of Stores and entered in a Schedule as corrected from time to time by that officer. A list of approved firms is given in Appendix C.

Note.—By "important iron or steel work" are meant articles of iron or steel which form important components of the project in hand, e. g., bridge girders and roof trusses, built up in the firm's workshops and supplied ready for erection, in such sections as may be convenient, and rolled steel beams, rails or other sections cut to length or otherwise prepared at

the firm's workshops to suit the indenting officer's requirements. The intention of the rule is to ensure that parts, the accurate preparation of which is essential to the security of a project, shall be obtained only from firms which possess workshops and appliances capable of turning out work of the desired standard. The raw materials used may be either imported or of Indian manufacture, subject to the usual specifications.

RULE 11.—*Financial limits on powers of officers to make purchases in India,*

In the case of purchases made under Rules 1, 2 and 4, an officer's powers of purchase extend to the ordinary limits to which he is empowered to enter into contracts: but in the case of purchases made in India under rules 3 (a) and (c) and 5, the limits for expenditure on any one article or on any number of similar articles purchased at one time are as follows:—

In respect of rules 3 (a) and 5.

(a) Civil Departments.

	Rs.
(i) Heads of Departments, Commissioners of Divisions, other officers of or above the rank of Collector whom the Local Government may select	500
(ii) Other Officers authorised to incur expenditure	100
(iii) Controller of Printing, Stationery and Stamps	2,000
(iv) Surveyor General of India	Full Powers.
(v) Agricultural Adviser to the Government of India and Director of the Agricultural Research Institute, Pusa	"
(vi) Director-General of Observatories	"
(vii) Director-General, Posts and Telegraphs	"
(viii) Political Resident, Persian Gulf	"
(ix) Chief Commissioner, Andaman and Nicobar Islands	"
(x) Mint Masters	"
(xi) Local Government	"

(b) *Public Works Department.*

	Rs.
(i) Executive or Assistant Engineer holding charge of a Division	1,000
(ii) Superintending Engineer or Superintendent ... of works	5,000
(iii) Local Government	Full powers.

(c) *Railway Department.*

	Rs.
(i) Executive or Assistant Engineer holding charge of a Division on a line under construction or survey	1,000
(ii) Engineer-in-Chief holding charge of a line under construction or survey... ..	5,000
(iii) Agent of an open line	10,000
(iv) Railway Board	Full powers.

Note.—Agents of open lines may delegate to their Engineers-in-Chief, Executive Engineers, or Assistant Engineers holding charge of a division, such power of purchase as they deem fit up to the limits specified for lines under construction, and to their Chief Storekeepers up to the limits specified for Executive Engineers.

(d) *Army Department.*

(i) Director-General of Military Works... ..	Full powers
(ii) Divisional Commanders and Director-General, Indian Medical Service*	Rs. 10,000
(iii) Officer Commanding and independent brigade; Director-General of Ordnance*; Director of Equipment and Ordnance Stores*; Director Royal Indian	

* These officers have full powers of local purchase under rule 5 in cases where the purchases are required to meet urgent field service requirements or to replace issues from mobilization reserves for the equipment of troops suddenly ordered on field service.

- Marine ; Director-General, Army Remount Department and Controller of Contracts attached to the Quartermaster General, Army Headquarters. 5,000
- (iv) Officer Commanding a Brigade, other than those included in (iii) ; Director of Ordnance Factories ; Director of Ordnance Inspection and Director of Army Clothing Factories 2,000
- (v) Superintendent, Army Clothing Factory ; Supply and Transport Officer on special duty in Kashmir ; and Deputy Director, Royal Indian Marine ... 1,000
- (vi) Chief of the General Staff ; General Officer Commanding, Northern and Southern Armies ; Adjutant General in India, Quartermaster General in India ; Director, Medical Services, India ; Military Secretary to His Excellency the Commander-in-Chief ; Military Accountant General ; Controllers of Military Accounts and Controller of Military Supply Accounts. 500
- (vii) Officer Commanding a station ; Superintendent, Army Remount Department ; Superintendent, Ordnance Factory ; Government Inspector of Army Boots, Cawnpore ; Chief Ordnance Officer ; Inspectors (Ordnance Department) ; the Chief Inspector of General Stores and the Proof and Experimental Officer, Balasore ; Medical Storekeeper ; Commandant, Indian Staff College ; Assistant Director of Supplies ; Assistant Director of Transport ; and Assistant Director of Grass Farms. 400
- (viii) Officer Commanding a unit (including a hospital) ; Senior Medical Officer, Indian Medical Service, of a station ; Recruiting Officer for Gurkhas at

Gorakhpur; Officer (Ordnance or Departmental)
in charge of depot ; Assistant Inspectors (Ordnance
Department), Officer in charge of Supply Reserve
Depot ; Commissioned Officer Commanding Depot,
Transport Lines ; Officer in charge of Supplies and
Chief Chemical Examiner. 40

(e) Stores Department, India

(i) Chief Controller of Stores Full powers
(ii) Metallurgical Inspector, Jamshedpur 1,000

NOTE 1.—The financial limits imposed under this rule in respect of purchases made under rule 3 (a) and 5 do not apply to the purchase of articles required on mobilisation or during the continuance of Military operations.

NOTE 2.—These powers are subject to the rules of the budget system. No sanction may be given which will involve expenditure from the budget grant of any future year. The powers extend to each sanction, whether against Army, Military Works or Marine funds. In the case of the Ordnance, Medical Stores, and Remount Departments, the Divisional Brigade and Station Commanders are not competent financial authorities.

In respect of Rule 3 (c).

Officers specially authorised to purchase plant and machinery and component parts thereof under Rule 3 (c) (i).

RULE 12.—*Power to sanction departures from the rules.*

The Government of India have power to sanction departures from the rules in cases in which such departure is absolutely unavoidable (subject to a report to the Secretary of State if the expenditure exceeds Rs. 50,000).

Rules applicable to Governors' Provinces.

RULE 13.—In the case of purchases made by local Governments, none of the above rules shall apply ; provided that any such purchases, if

from the United Kingdom, shall be made from the London Stores Department in accordance with any rules that may be made from time to time by the Secretary of State, the Government of India or the Director General of Stores.

APPENDIX A.

In Bengal.

Messrs. Burn and Company of Calcutta. Messrs. Jessop and Company of Calcutta. Messrs. John King and Company of Calcutta. Messrs. Martin and Company of Calcutta. Messrs. Mackintosh Burn and Company of Calcutta. Messrs. James Simpson and Company of Calcutta. Messrs. G. Craddock and Company of Calcutta. Messrs. Turnbills, Limited of Calcutta. Messrs. Braithwaith and Company of Calcutta. Messrs. J. C. Banerjee and Company of Calcutta,

In the Bombay Presidency.

Messrs. Richardson and Cruddas of Bombay.

In the Madras Presidency.

.....

In Burma,

Messrs. Clark and Greig, Limited. Rangoon.

APPENDIX B.

List of Officers referred to in Rule 7 (iii), serving directly under the Government of India or in provinces other than Governors' Provinces, who are authorised to obtain direct from manufacturers or dealers in England, America, Japan, or other foreign countries such articles as they may require for experimental or research purposes.

Superintendents of X-ray Institutes. Chemical Examiners. Superintendents of Vaccine Depots. Principals of Medical Colleges. Superintendents of Medical Colleges. Superintendents of Medical Schools. Directors of Bacteriological, Pathological or

Research Laboratories, including officers in charge of Divisional and Brigade Laboratories. Principals of Arts Colleges. Principals of Technical and Industrial Institutes. Directors of Industries. Sanitary Commissioners. Principals of Training Colleges. Surveyor-General of India. Inspector-General of Forests. Director-General of Observatories. Director of the Botanical Survey. Agricultural Adviser to the Government of India and Pusa. Imperial Bacteriologist, Civil Veterinary Department. Director, Agricultural Research Institute, Imperial Agricultural Chemist. Imperial Mycologist. Imperial Entomologist. Directors of Agriculture. President, Forest Research Institute and College. Director, Geological Survey of India. Railway Board. Directors of Public Instruction. Director of the Zoological Survey of India. Metallurgical Inspector. Superintendent, Government Acetone Factory, Nasik. Superintendent, Local Manufactures and Government Test House, Alipore. Commissioner, Northern India Salt Revenue. Director-General of Ordnance in India. Director of Ordnance Factories. Director of Ordnance Inspection.

APPENDIX C.

In Bengal.

The Bengal Iron and Steel Company, Limited, Barakar. The Vulcan Iron Works, Limited of Calcutta. Messrs. Burn and Company of Calcutta. Messrs. Jessop and Company of Calcutta. Messrs. John King and Company of Calcutta. Messrs. Ahmuty and Company of Calcutta. Messrs. Martin and Company of Calcutta. Messrs. Britannia Brass and Iron Company, Limited of Calcutta. Messrs. Heatley and Gresham, Limited, of Calcutta. Messrs. A. and J. Main and Company of Calcutta. The Shalimar Works, Limited of Calcutta and Chittagong. Messrs. T. E. Thomson and Company, Limited of Calcutta. Messrs. W. Leslie and Company of Calcutta. Messrs. Balmer Lawrie and Company of Calcutta.

Messrs. Braithwaith and Company of Calcutta. Messrs. Turnbills, Limited of Calcutta.

In the Bombay Presidency.

Messrs. G. Gabagan and Company of Bombay. Messrs. Richardson and Cruddas of Bombay. Messrs. Alcock, Ashdown and Company of Bombay. Messrs. Garlick and Company of Bombay. Messrs. Marsland Price and Company of Bombay. Messrs. Sorabji Shapurji and Company of Bombay. Messrs. H. I. Dixon and Company of Bombay. Messrs. Cossier and Company of Karachi. Messrs. McKenzie and Company of Karachi. Messrs. B. R. Herman and company of Karachi. The Engineering Company of Karachi.

In the Madras Presidency.

Messrs. Massey and Company of Madras. Messrs. Oakes and Company of Madras. Arbuthnot's Industrials, Limited, Reliance Foundry of Madras. Messrs. Mansfield and Sons of Madras.

In Burma.

The Irrawaddy Flotilla Company, Limited. Messrs. Bullock Brothers and Company, Limited, Rangoon. The Dunnedaw Engineering Works, Rangoon. Messrs. Howarth, Erskine, Limited, Singapore. The Burma Engineering and Trading Company, Limited, Rangoon.

In the United Provinces.

Messrs. T. Crowley and Company, Allahabad. The Empire Engineering Company, Limited, Cawnpore. Lucknow Iron Works. The Canal Foundry and Engineering Works, Roorkee.

In the Punjab.

Messrs. N. D. Hari Ram and Brothers, Rawalpindi.

In Bihar and Orissa.

Messrs. Arthur Butler and Company of Muzaffarpur. The Tata Iron and Steel Company, Limited, Jamshedpur.

INDIAN MERCHANTS' CHAMBER AND BUREAU 561

No. T.-1412.

29th September 1921.

To

The Deputy Secretary to the Government of Bombay,

General Department, B O M B A Y.

Sir,

With reference to your letter No. 9461, dated the 2nd August 1921, regarding the proposed Rules for the supply of articles for the Public Service, I am directed by the Committee to send you their views which are as follows :—

At the outset my Committee feel that in considering the Report of the Stores Committee, Government should bear in mind that the Stores Committee was merely an outcome of the general report of the Industries Commission and was appointed in accordance with the express desire of the Industries Commission to forward those aims and objects for which that Commission sat. In adopting or rejecting any suggestions either of the minority or of the majority report the real test should be, in the opinion of my Committee, the promotion of industries in India directly as well as indirectly, in particular, by creating demand in India, even if the goods happened to be of foreign origin, to bring to the notice of Indian industrialists the nature, quality and quantity of goods required and to induce them alone or in conjunction with foreign firms to establish these industries in India. This test, my Committee feel, Government has not applied in the framing of the Stores Rules, as will be pointed out below.

My Committee regret very much that in the formation of the new rules Government should have so entirely disregarded the conclusions of the majority of the Stores Purchase Committee among whom were representatives of such important purchasing and consuming Departments as Railways, Army and the Public Works Departments and should have adopted the report of the minority consisting of the Director-General of Stores and a subordinate officer of the Munitions Board and which practically embodied the views of the Department of Stores Purchase whose past business policy the Committee had been specially appointed to in-

quire into. It is therefore natural that the new rules proposed by Government should embody most of the re-actionary features of the old rules which have been the cause of such intense dissatisfaction, which it was the object of the proposed Committee to remove. The principal features of the new rules that have struck my Committee are (1) the hedging in of purchases by officers in this country with such impossible restrictions as the furnishing of proofs that it was not bought at a more unfavourable rate than in England, (2) the need of satisfying himself that the greater part of the articles purchased was manufactured in this country, etc. The worst example of the restriction of the powers of purchasing officers is the new rule 5 to which we beg to refer. My Committee think that the only result of such a rule will be that the concessions apparently given under the other rules for the encouragement of Indian trade and industry will become nugatory because very few officers will take upon themselves the responsibility of buying in this country and having to furnish the proofs required and will naturally take the easier course of indenting from England to save themselves from further trouble. As the underlying principle of the new rules seems to be to have as great a part of the Stores as possible purchased not locally but through the Director-General of Stores, my Committee are compelled to regard the new rules as entirely opposed to the interests of this country and therefore to advise their summary rejection.

My Committee are obliged to note with the deepest regret that while the Reform Act has given this country great hopes of its being governed in the interests of Indians, the Government should have so entirely disregarded the labours and conclusions of their own representatives like Mr. F. D. Couchman, Colonel H. A. K. Jennings and Lieutenant-Colonel C. C. H. Hogg representing Railways, Army, and the Public Works Departments respectively and should have practically adopted the views of the very department that has so strongly come under public condemnation in the past. How limited the new powers of the Government of India under the Reform Act are can be seen in nothing so much as in the proposed new rules where the Government of India has to be subservient to the Secretary of State not only in matters of foreign policy, not only in matters of protection of the country from foreign aggression, etc., but even in petty matters of purchase

of Stores, and has to report to him from time to time the action their Government may take in such matters. Subservience can go no further.

My Committee still adhere to the evidence given by the Chamber before the Stores Purchase Committee that Stores for the Government of India should be obtained in India and where such stores are not obtainable in India they should be bought from the cheapest market in the world. My Committee beg to submit that the whole principle underlying the proposed rules is erroneous inasmuch as it is based on the origin of the goods, and on the principle whether the greater part of the material or labour spent on them is indigenous or not. My Committee think that the correct principle should be to call for tenders in this country in every case, and in rupee currency only, and place orders with the lowest tenderers. Without prejudice to the general principle enunciated above my Committee would like to state their views on the various rules proposed by the Government of India.

There ought not to be any discrimination against articles made in this country because "a substantial part of the process of manufacture is not performed in India." My Committee are at a loss to see what the Government or the particular department using the stores has to do with the actual process of manufacture. The only concern of the Government ought to be that the goods are of the right quality. My Committee are rather of opinion that purchases in this country of goods some of whose component parts are imported ought to be encouraged, because thus alone can industries be initiated here with the manufacture of the easier parts in this country and thus pave the way for the manufacture of the more complex whole. If we are to wait till a manufacturer manufactures every part of an article in this country, we shall have to wait very long indeed and the rule is therefore conducive not to the encouragement of Indian industry as is claimed but may actually discourage establishment of manufactures. My Committee are further of opinion that the compilation of a list of approved firms who alone could tender is undesirable and even unnecessary. My Committee do not understand why parts of machinery may not be bought from any other importing houses or firms than branches of manufacturers here. It should not be made obligatory except where specific

necessity is established that the local branches should entertain a staff of expert mechanics capable when required of erecting and repairing plants. The object of such restrictions appears to be to encourage purchases in London whenever these strict requirements are not fulfilled in India. In this connection my Committee would like to know whether the same restriction is meant to apply to such London manufacturers. If such London suppliers are not to keep any staff here, why should importing firms be penalised by being compelled to do so? My Committee are further of opinion that all purchases of stores should only be made in India and all tenders must be called for in Indian currency. This will not only simplify the comparison of prices but throw the risk of fluctuations of exchange on the tendering merchant or manufacturer. My Committee are of opinion that the provisions for comparing prices are absurd, and are likely to make the purchasing officer buy as far as possible from England.

My Committee feel that the whole object of the Stores enquiry, as arising from that of the Industries Commission, was to make purchases in India with a view to encourage manufactures in India. If, however, as the framing of the rules seems to suggest that the primary aim of these rules is to encourage purchases in the United Kingdom, it would be only fair to the public to give this out definitely rather than to attempt to conceal it through restrictions and rules of the nature indicated above. The same sad story is repeated with reference to the rules relating to purchases of stores by the Provincial Governments. The new rules try to satisfy public opinion by making much of the power given now to Provincial Governments. We are told that a particular rule had been added in order to make effective the Government of India's proposal to grant full liberty with a trifling exception to Local Governments in respect of the purchases of all classes of stores. The so-called *trifling exception* is that any such purchases if made from the United Kingdom shall be made from the London Stores Department. My Committee would like to submit that this exception would make "the grant of full liberty" illusory. If the Local Governments want to make any important purchase they would naturally call for tenders from all countries, from America, or from any other countries on the Continent as well as from England. How are they to know until the tenders are in

hand whether some tenders from the United Kingdom may not be the cheapest ; if they do prove to be the cheapest why should not the Local Governments accept them right away ? Why should they be compelled to again go to the London Stores Department ?

The only right system according to the Committee would be :—

- (1) that there should be no Stores Department in London, but only a subordinate Inspecting Agency provided with the necessary technical staff.
- (2) that all purchases should be made by tenders called for in this country for goods to be delivered at the point of consumption in this country and in the currency of this country.
- (3) that where the successful tenderer is some manufacturer in the United Kingdom the services of the London Inspectorate be requisitioned.
- (4) that where the suppliers are not from the United Kingdom the goods should be inspected and passed by the Stores Purchase Department in India.
- (5) that wherever possible goods made in India should have preference as there will be indirect benefits to the country from the provision of additional work for its people and from the creation of necessary industries here and the finances of this country will be immensely strengthened by so much less money having to be paid out for imported goods.
- (6) that in so purchasing in India no disability should be imposed on manufacturers here because some or even a large part of its component parts is imported. (Even then the purchase will be of great benefit to this country by training its labour and by keeping the corresponding wages and profits in this country.)

In conclusion my Committee cannot help thinking that the rules as framed do not appear to have been framed so much with a view to putting the purchase of stores for India on a business-like footing as to justify the existence of the London Stores Department and to divert all possible business to it.

I beg, etc.,

S. M. MUZUMDAR,

Ag. Secretary.

INDIAN RAILWAYS.

Supply of Materials.

TENDERS TO BE INVITED IN INDIA.

Government's New Policy.

SIMLA, Sept. 30.

A communique states:—In pursuance of their expressed policy of making India as far as possible independent of outside sources in the supply of materials for the railways, the Government of India have had under consideration the question of the construction of locomotive engines in India and they are now in a position to give a general undertaking that tenders will be invited annually in India for all the railway locomotive engines and locomotive boilers required by the Government during the 12 years commencing with 1923. It is estimated that the average annual requirements of the Government will be 160 locomotive engines and 160 additional boilers during 1923 and 1924 and thereafter 400 locomotive engines and 400 additional boilers. The first tenders will be invited on the 1st October, 1922. The following general conditions will be observed:—

(a) The invitation to tender will be published simultaneously in India and England and will remain open for at least three months.

(b) The qualities of the article offered must satisfy in every respect the specifications laid down.

(c) The prices in the case of article made in India must compare not unfavourably with the imported article.

(d) Tenderers in India must satisfy the Government in the earlier years that an appreciable part of the manufacturing will be done in India. This condition may be expected to become gradually more stringent until eventually the tenderers in order to be successful, will be required to show that they can carry out in their works in India all processes usually carried out in locomotive works in England.

(e) The Government will reserve the right to insist that the proposed sources of supply of parts, which cannot be manufactured in India, should be stated in the tender and should be subject to the approval.

(f) The Government will reserve the right of inspection at any stage of the process of manufacture both in India and else where.

(g) Firms receiving orders in India will be expected to provide facilities in their works for the training of Indian technical students and where such firms have their main works outside India or are subsidiary companies promoted by or closely connected with firms which have their main work outside India, they will be expected to provide there similar facilities to students recommended by the High Commissioner for India in London.

Firms interested in the above announcement are invited to apply for further information, either to the Secretary, Railway Board, India, or to the High Commissioner for India, London.

T. 1568.

16th December 1921.

To,

The Secretary to the Government of India,
Department of Industries,
DELHI.

Sir,

My Committee beg to draw attention to the Government Communique dated the 30th September on the subject of purchasing locomotive engines etc. in India. They are glad to note that it is the expressed policy of Government to make India independent of outside source in the supply of material for Railways. My Committee are, however, compelled to point out that the rules laid down for tenders as given in the said communique are not such as to encourage the creation of industries of the kind in this country.

My Committee particularly wish to draw attention to clause C. which provides that "the price in India must compare not unfavourably with

the imported article" and they would like to see the words, 'not unfavourably' more clearly defined.

My Committee would further like to know how and at what exchange a tender for £10,000 is to be compared with a tender for say Rs. 1,50,000. If the current exchange on the date of opening of tender is intended to be the basis they would like to know how Government propose to protect itself against the subsequent fluctuations in Exchange that may occur before payment falls due. My Committee are of opinion that the exchange risk is one that the Government ought not to take. The Railway earnings are in Rupees and also its liabilities can only be paid in rupees. My Committee are, therefore, strongly of opinion that all tenders should be called for only in rupees and the risk of exchange if any, should be left to be looked after by the foreign tenderer. My Committee will be glad to have a clear pronouncement by Government on this point.

As for clauses "D" and "E" my Committee think them most objectionable. If the expressed policy of the Government is to encourage the establishment of manufacture of Railway material in this country, why should Government insist on an *appreciable part* of manufacturing being done in earlier years in India? It is proposed to make this condition gradually more stringent until eventually Indian manufacturers show that they can carry out in their works all the processes usually carried out in works in England. Why should Government make such a condition? And what is the alternative? The alternative is that the orders would go to the non-Indian manufacturer. Why should the foreign manufacturer who makes *nothing* in this country get preference over Indian manufacturers who make at least some parts in this country. My Committee beg to submit that the training of Indian labour and the greater avenues for employment, which even partial manufacture in this country will provide, will prove a great asset to this country. My Committee are strongly of opinion that clause "D" is entirely opposed to the interests of this country and will have the effect of eventually placing India again to the mercy of British and other over-seas manufacturers. They would, therefore, suggest that instead of Clause "D" there should be a declaration of the policy of

Government: that no Railway material will be bought by Government after a given date say 1930 of which at least one half is not manufactured in India itself.

Another highly objectionable feature of the communique is clause "E" wherein is reserved the right to insist on knowing the proposed sources of supply of parts. From the evidence of Sir William Meyer before the Railway Committee the Government might have seen that favoured British manufacturers were secretly informed of the figures of the lowest foreign tender. My Committee are very much afraid that if Indian tenderer is compelled to give out the name of the supplier of parts, an over-patriotic officer might perhaps think it his duty to divulge it to the competing British firm, and thereby enable the latter to spoil the business for the Indian tenderer. My Committee are of opinion that the interests of this country are sufficiently safe-guarded by clause "F" which provides for power to inspect at any stage of manufacture.

Clause "G" provides that firms receiving orders in India shall provide facilities for training Indians. My Committee do not see why this obligation should only be placed on firms receiving orders in India. They would suggest that clause "G" should read

"all successful tenderers for Indian Railway material whether in India or elsewhere will be expected to provide facilities for the training of Indian Technical Students."

My Committee trust Government will see their way to revise the rules as suggested so as to make them more in accord with the object in view.

I beg, etc.,

S. M. MUZUMDAR,
Ag. Secretary.

APPENDIX XC.

Licence granted by the Government to the Bombay Telephone Company.

T.-952.

7th June 1921.

To

The Secretary,
Public Works Department,
Government of Bombay.

Sir,

My Committee will be much obliged if you will kindly let them know if the attention of the Government is drawn to the public complaints against the Bombay Telephone Co., Ltd. and particularly to the correspondence which has passed between the two Chambers of Commerce and the Telephone Co. The Telephone Co. is a public utility concern and is bound to give facility and convenience to the public. My Committee will like to know if there are any restrictive clauses in the licence under which the Company is working at present, and what steps Government propose taking, in case there are such clauses, to ensure a regular service to the public.

I beg, etc.,
J. K. MEHTA.
Secretary.

PUBLIC WORKS DEPARTMENT.

Letter No. M.-9503.

Public Works Office,
Bombay, 21st June 1921.

To

The Secretary,
The Indian Merchants' Chamber and Bureau,
Old Telephone Buildings. 19, Bank Street, Fort, BOMBAY.

Sir,

Complaints against the Bombay Telephone Company.

I am directed to acknowledge the receipt of your letter No. T.-952, dated 7th June 1921 on the above subject and to state that it is being transferred to the Revenue Department for disposal.

Yours, etc.,
C. G. HAWES,
Under Secretary to the Government of Bombay,
Public Works Department, Roads and Buildings.

T.-1067.

7th July 1921.

To

The Secretary to the Government of Bombay,
Revenue Department,
BOMBAY.

Sir,

My letter No. T.-952 dated 7th June 1921 addressed to the Secretary, Public Works Department, Bombay, is transferred by him to you. Will you kindly let me have your reply to it at an early date. It refers to complaints against Bombay Telephone Company.

I beg, etc ,

J. K. MEHTA,
Secretary.

D.-374.

REVENUE DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 16th July 1921.

To

The Secretary,
The Indian Merchants' Chamber and Bureau,
BOMBAY.

SUBJECT.—*Complaints against the Bombay Telephone Company.*

Sir,

With reference to the correspondence ending with your letter No. T.-1067 dated 7th July 1921, I am directed by the Governor in Council to state that Government are not aware of the correspondence between the Chambers of Commerce and the Telephone Company and that there are no provisions in the license which would enable Government to interfere

with the working of the Company in the direction of securing an improved service to subscribers.

I have, etc.,

SHAMRAO D. MANKAR,

Under Secretary to the Government of Bombay,
Revenue Department.

T-1207.

5th August 1921.

To

The Under Secretary to the Government of Bombay,
Revenue Department, BOMBAY.

Sir,

I am directed by my Committee to acknowledge the receipt of your letter No. D-374, dated the 16th July 1921, and in reply to say that they are very much surprised to learn that there are no provisions in the licence which would enable the Government to interfere with the working of the Company in the direction of improved service to subscribers. It is an ordinary practice to have such a power not only of interference but also of ending the contract in every such licence. Otherwise the efficiency of a public utility-concern and also its care and regard for public convenience will seriously suffer. My Committee are informed that the licence of the Company expires very shortly in which case they would like to protest emphatically against the renewal of the said licence without introducing therein proper safeguards to ensure a satisfactory and efficient working on the part of the Company. In the mean time my Committee will feel obliged if you will kindly supply to them for their information a copy of the licence granted to the Company.

I beg, etc.,

J. K. MEHTA,
Secretary.

No. 374-D.

REVENUE DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 8th September 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

SUBJECT.—*Complaints against the Bombay Telephone Company.*

Sir,

With reference to your letter No. T.-1207 dated 5th August 1921, I am directed by the Governor in Council to supply you with a copy of the license granted to the Bombay Telephone Company and to state that the question of renewing the license is under the consideration of the Government of India who have been informed of the complaints about the present unsatisfactory service. I am to add that in case the license is to be renewed Government will consider the desirability of introducing in it a provision giving them powers of interference with a view to secure efficient service to the public.

I have, etc.,

SHAMRAO D. MANKAR,

Under Secretary to the Government of Bombay,

Revenue Department

LICENSE granted under section 4 of the Indian Telegraph Act, 1885, by the Governor-General of India in Council to the Bombay Telephone Company, Limited, for the Islands of Bombay-Salsette and Trombay.

1. In exercise of the powers conferred by section 4 of the Indian Telegraph Act, 1885 (Act XIII of 1885), the Governor-General of India in Council herein referred to as the Governor-General in Council is pleased to grant the following license to the Bombay Telephone Company, Limited (hereinafter referred as "the Licensees").

2. The Licensees may establish and maintain Telephones, Telephone Exchanges and open Telephone Offices for a term of sixty years from the 1st day of April 1903, within the following limits, namely, within the limits of the islands of Bombay-Salsette and Trombay including the Harbour of Bombay and the vessels lying therein.

3. The Licensees may establish and maintain for that term Telephone wires connecting—

- (a) The Central Exchange of the Licensees with the District Exchanges of the Licensees;
- (b) the Offices of Subscribers within the said limits with a Telephone Exchange of the Licensees ;
- (c) the open Telephone Offices of the Licensees with a Telephone Exchange of the Licensees;
- (d) with the permission in writing of the Governor-General in Council, a Telephone Exchange of the Licensees with the Office of a Subscriber situated beyond the said limits.

4. When the Licensees have in accordance with the provisions of this license established a Telephone Exchange within the said limits they may establish, maintain and let on lease for the said term or any part thereof private Telephone wires connecting the office of any person situated within the said limits with another office of the same person, or with the office of any other person situated within those limits, or, with the permission in writing of the Governor General in Council, with another office of the same person or with the office of any other person situated beyond those limits.

5. The Licensees may use and work the said Telephones, Telephone Exchanges, open Telephone Offices, Telephone wires and private Telephone wires and suffer the same to be used and worked for the following purposes, namely :—

- (a) For the purpose of enabling Telephone messages to be transmitted direct as follows, namely,—
 - (1) from or to any Subscriber at an Office occupied by him, either to or from any other Subscriber at an Office occu-

pied by him, or to or from any person at an open Telephone Office, or to or from any Subscriber connected to the Exchange of the Government Telegraph Department when such Exchanges are connected to the Exchanges of the Licensees;

- (2) In the case of private Telephone wires, from or to any lessee of the same at once of the offices with which the private Telephone wire is connected to or from the other of those offices; provided that such messages relate only to the business or private affairs of such Subscribers or lessees, or one of them; and

- (b) For the purpose of transmitting in either direction between a Telephone Exchange and any other Telephone Exchange or the Office of any Subscriber or any open Telephone Office, or between the offices with which a private Telephone wire is connected, service messages relating to the establishment from time to time of Telephonic connections by means of the said Telephonic Exchanges or the said private Telephonic wire, or to the working or repair of the said Telephones, Telephone Exchanges, open Telephone Offices, Telephone wires or private Telephone wires.

6. This License shall not confer on the Licensees any right to lay or place any supports, wires or other Telephone apparatus or appliances in or over, upon or under, any land, ground, street, road, harbour, foreshore, river or place within the said limits, but any permission for that purpose required by the Licensees shall be obtained by them at their own expense from the person or persons, body or bodies corporate, legally entitled to grant the same.

7. This license cannot be assigned, transferred or otherwise disposed of, and in the event of any attempt being made on the part of the Licensees to assign, transfer or dispose of the same, or of any order being made by any Court for winding up the Company of the Licensees requiring it to be wound up voluntarily or of the dissolution of the Company of the Licensees

by any means whatsoever, this license shall *ipso facto* cease and determine.

8. (a) The Governor-General in Council may, by not less than twelve months' previous notice in writing, terminating on the

31st day of March 1923

31st day of March 1928

31st day of March 1933

31st day of March 1943

or the 31st day of March 1953

signify to the Licensees his intention to purchase the undertaking in respect of which this license is granted.

(b) If any such notice is given, the Licensees shall sell and convey to the Government the said undertaking, including all immovable property and all rights in, over or in respect of the same, and all plant, material, apparatus and appliances suitable to and used by them for the purposes of the said undertaking.

(c) The price to be paid by the Governor General in Council to the Licensees for such purchase shall be as follows:—

(1) If the right of purchase be exercised at the end of the 40th year from the 1st day of April 1903 or at the end of any subsequent period of ten years during the continuance of this license, the price to be paid shall be the then value of all lands, buildings, works, materials and plant of the Licensees suitable to and used by the Licensees for the purpose of the undertaking provided that the value of such lands, buildings, works, materials and plant shall be deemed to be their fair market value at the time of purchase, due regard being had to the nature and condition, for the time being of such lands, buildings, works, materials and plant, and to the state of repair thereof, and to the circumstance that they are in such a position as to be ready for immediate working, and to the suitability of the same for the purpose of the undertaking.

but without any addition in respect of compulsory purchase or of good will or of any profits which may be or might have been made from the undertaking, or of any similar considerations. The price shall be determined by arbitrators—one to be appointed by the Governor General in Council and one by the Licensees, and in case of a difference of opinion by an umpire, to be appointed by the arbitrators before they enter on the business of the reference.

- (2) If the right of purchase be exercised at the end of the 20th, 25th or 30th year from the 1st day of April 1903, the price to be paid for the property, plant, etc., shall be determined as in clause 8 (c) (1) last foregoing, and the amount so determined shall be due on the date from which the purchase will have effect, and in addition the Governor General in Council shall pay to the Licensees on account of good will and compulsory sale or withdrawal of this license before the expiry of 35 years an annual sum to be continued for a term of 15, 10 or 5 years, as the case may be, which shall be equal to elevenths of the average annual net profits of the Licensees for the preceding three years, *minus* a sum which shall be equal to 5 per cent. on the amount to be paid as the value of the property, plant, etc.
- (3) In the event of the revocation of this License for the breach of any of the conditions hereof the Governor-General in Council shall purchase the property, plant, etc., for a price to be determined as in clause 8 (c) (1).
- (4) For the purpose of clause 8 (c) (2) the average annual net profits of the Licensees shall be taken to be one third of the difference between the gross annual receipts and the working expenses of the Licensees during the three years immediately preceding the date of purchase. The

said working expenses shall include *inter alia* all royalties paid to the Director-General of Telegraphs in India under the conditions of this license, pole rents, and the proper upkeep and maintenance of the buildings, lines, plant, apparatus, and appliances belonging to the Licensees.

(d) In the event of any such purchase the Governor General in Council may revoke the license hereby granted,

9. This license is granted subject to the conditions set forth in the first schedule hereto annexed, and shall be revocable by the Governor General in Council on the breach of any of those conditions.

10. It shall be in the absolute discretion of the Governor General in Council to grant or refuse to the Licensees the privilege of connecting their Telephonic circle with any other circle, but in the event of such privilege being granted, the trunk line will in all cases be erected, maintained and owned by the Government and let to the Licensees at such rent and on such conditions as the Governor General in Council may, from time to time, determine.

11. Nothing in this license shall confer upon the Licensees any exclusive right or privilege or prevent the Governor General in Council from doing, through his own servants or granting a license to any other person or body corporate to do anything which the Licensees are authorised to do by or under this license.

12. All words and phrases used in this License and in the first schedule hereto annexed shall, unless there is something repugnant in the subject or context, be construed in accordance with the definitions and rules contained in the second schedule hereto annexed.

A. H. LEY,

Under Secretary to the Government of India,
Department of Commerce and Industry.

FIRST SCHEDULE.

Conditions of the License.

1. The Licensees shall not establish or maintain any Telephones, Telephone Exchanges, open Telephone Offices, Telephone wires, or private Telephone wires, except as permitted by their license.

2. The Licensees shall not use or work any Telephone, Telephone Exchange, open Telephone Office, Telephone wire or private Telephone wire established or maintained by them, or suffer the same to be used or worked, except for the purposes specified in their license.

3. (1) The Licensees shall pay to the Director General of Telegraphs in India, herein referred to as the Director General, on account of the *Government of India*, the percentages specified in the 3rd clause of this condition (and hereinafter called royalties) of all sums of money paid or by virtue of any contract payable to them by any subscriber, lessee or other person—

- (a) in respect of the hire, maintenance, working or use of any Telephone, Telephone Exchange, open Telephone Office, Telephone wire or private Telephone wire, or any part or parts thereof;
- (b) in respect of the right or permission to transmit Telephonic messages by means of any Telephone, Telephone Exchange, open Telephone Office, Telephone wire or private Telephone wire; or;
- (c) otherwise in respect of Telephonic messages transmitted by means of any Telephone, Telephone Exchange, open Telephone Office, Telephone wire or private Telephone wire, or otherwise howsoever in relation to any Telephone, Telephone Exchange, open Telephone Office, Telephone wire or private Telephone wire, or any part or parts thereof, established under their license.

(2) The royalties shall be payable whether the sum of money is a gross sum or is payable periodically, or is paid in the shape of a fee for

the temporary use of any Telephone Exchange or Telephone by means of an open Telephone Office, or is paid in the shape of rent, for the lease of any private Telephone wire.

(3) The royalties shall be 5 per cent. of the gross amount of every sum of money paid or payable to the Licensees as aforesaid, except when that sum is payable wholly or partly in respect of a Telephone wire or private Telephone wire situate partly beyond the limits specified in the license, in which case the royalty shall be 6 per cent.

4. Every royalty payable under the last foregoing condition shall become due so soon as the sum of money in respect of which it is payable, or by the amount of which it is regulated, is paid or is by virtue of any contract payable to the Licensees.

5. (1) The Licensees shall, at all times, keep at their principal office within the limits specified in their license a book or books in which they shall, so far as may be practicable, enter :—

- (a) the names, addresses and occupations of all subscribers and lessees for the time being ;
- (b) the sums of money from time to time paid; and agreed to be paid, respectively, by those subscribers and lessees or by any other persons in respect of any of the matters specified in condition 3;
- (c) the date at which every such sum of money was paid or became payable;
- (d) the nature of the consideration for the payment thereof; and
- (e) all such other particulars as the Director-General may, from time to time, reasonably require.

(2) The Licensees shall preserve at their principal office as aforesaid, all contracts between the Licensees and subscribers or lessees.

(3) The Licensees shall permit the Director-General and his officers, from time to time, and at all reasonable times, to inspect the said book or books and contracts, and to make copies thereof and extracts therefrom,

6. The Licensees shall, within twenty days after the expiration of every calendar month, render to the Director-General an abstract of their accounts for the previous months signed by a firm of Chartered Accountants to be approved by the Director-General in respect of the transactions made by them under this license and such further particulars as the Director General may from time to time reasonably require.

7. The above abstract shall be accompanied by a cheque for the amount of royalties due to the Director-General in respect of the transactions of that month.

8. No written message or messages other than oral shall be collected or delivered at any Telephone Exchange or Office of the Licensees, or at the office of any subscriber or lessee.

9. No money or other valuable consideration shall, in respect of the receipt, transmission or delivery of any Telephonic message by means of any Telephone Exchange or private Telephone wire established hereunder, be, or be promised to be, paid or given to any subscriber or lessee by any person whomsoever, whether a subscriber lessee or not.

10. The Licensees shall, in every agreement with a subscriber or lessee, make due provision for the observance of the two last foregoing conditions, and reserve to themselves the fullest discretion to rescind the agreement on any infringement by the subscriber or lessee of either of those conditions.

11. (1) The Licensees shall, seven days at least before connecting the office of any subscriber or intending subscriber with any Telephone Exchange, or an office of any lessee, or intending lessee with another office of that lessee, or with the office of any other person within the limits specified in their license, deliver a notice in writing of their intention so to do at the office of the Director-General, or to such officer as the Director-General may appoint to receive the notice.

(2) The notice shall contain—

(a) the name, address and occupation of the subscriber or lessee, or intending subscriber or lessee, to whom the notice relates;

(b) a copy of the engagement and condition entered into and agreed to by the subscriber or lessee under the last foregoing condition ; and

(c) full particulars of the situation of the office or intended office to which the notice relates, and of the line or route in which it is intended to lay the Telephone wire or wires for establishing the connection, and of the manner in which, and the houses and buildings (if any) on or by means of which, it is intended that such wire or wires shall be supported.

(3) Notwithstanding anything in the foregoing portion of this condition, the Director-General may at his discretion grant permission for the connection to be established within a less period than seven days.

12. The posts and other Telephonic apparatus and appliances of the Licensees shall be so erected and placed as not to interfere with the convenient erection, maintenance or use of, or to expose to risk of damage, any posts, wires or other Telegraphic or Telephonic apparatus or appliances under the charge of the Director-General which may, from time to time, exist, or any posts, wires or other Telegraphic or Telephonic apparatus or appliances which it is probable that he may have occasion to erect ; and accordingly no posts, wires or other Telephonic apparatus or appliances shall be erected, fixed or placed by the Licensees, in pursuance of any such notice as aforesaid or otherwise, without the approval or consent in writing of the Director-General or any officer authorised by him in that behalf.

13. In the event of any posts, wires or other Telephonic apparatus or appliances of the Licensees which may already have been erected or placed with the consent of the Director-General interfering with the erection or placing of any posts, wires or other Telegraphic or Telephonic apparatus or appliances which the Director-General may, during the continuance of the said license, have occasion to erect, the Licensees shall within thirty days after written notice has been given at their principal office situated within the limits specified in their license, remove such posts, wires or other Telephonic apparatus or appliances to another situation approved by the Director-General ; and the reasonable ex-

penses incurred by the Licensees in the removal shall be reimbursed by the Director-General.

14. In case any Telephone wire or wires of the Licensees shall, by reason of the neglect of the Licensees to maintain the same properly fixed and in good repair, or from any other cause whatever, interfere with the working of, or damage, any Telegraph or Telephone wire or wires under the charge of the Director-General, any officer generally or specially empowered by the Director-General in this behalf may, if the Licensees do not forth-with remove their said Telephone wire or wires, or sufficiently repair and refix such wire or wires to his satisfaction, so as to prevent any further interference with, or damage to, the wires under the charge of the Director-General, or if for any other reason he thinks it necessary for the public service, remove or repair and refix such wire or wires of the Licensees as aforesaid; and the Licensees shall on demand pay to the Director-General the cost of refixing and repairing the Telegraph or Telephone wire or wires under the charge of the Director-General which shall have been interfered with or damaged, as aforesaid, and the cost of any removal or repair and refixing by such officer of their said wire or wires.

15. The Director-General and his officers and agents may, from time to time, and at all reasonable times, enter on any office of the Licensees and, so far as the Licensees can give permission, on any subscriber's or lessee's office, for the purpose of inspecting the Telephones and other Telephonic instruments and appliances fixed in those places.

16. The Licensees shall not move their Telephone Exchanges without the previous consent in writing of the Director-General.

17. The maximum subscription to be charged by the Licensees for Exchange connections within a radius of four miles of the Exchange shall be Rs. 250 per annum. The rates charged by the Licensees so far as they exceed Rs. 200 per annum, shall be subject to revision after the 31st March 1918. The charge to be made for any connections required by Government shall be 25 per cent. less than the maximum rate.

18. The Licensees shall be bound to substitute underground for overhead wires, on the whole or any part of their system, whenever they

may be required to do so by an order in writing of the Governor-General in Council. Provided that if it is proposed to issue such an order, the Licensees shall be given an opportunity of representing their objections to such substitution on the ground that it is impracticable, or for any other reason, and their objections shall be taken into consideration by the Governor-General in Council before such order is passed.

19. The Licensees shall work all their connections on the return wire system.

20. The Director-General shall have the right at any time of connecting, at the expense of the Government Telegraph Department, any of the Exchanges of the Government Telegraph Department to any Exchanges of the Licensees, and the subscribers to either system shall have the privilege of communicating through such trunk connections with subscribers on the other system without extra charge.

21. The Director General shall have also the right at any time to disconnect and dismantle any of the trunk connections between the Exchanges of the Government Telegraph Department and those of the Licensees referred to in the last foregoing condition, should he consider such disconnection desirable.

SECOND SCHEDULE.

Interpretation.

(1) "Subscribers" means those companies, firms and persons, from whom the Licensees receive subscriptions and with whom they enter into contracts in relation to connecting their offices by means of Telephone wires with a Telephone Exchange.

(2) "Lessee" means those companies, firms and persons, whether subscribers or not, to whom the Licensees, lease any private Telephone wire established by them.

(3) "Office" whether used with reference to the Licensees, a subscriber, a lessee or any other person includes any house, warehouse, factory, building, vessel or place occupied by the Licensees, subscriber, lessee or other person.

(4) "Telephone" includes any apparatus by means of which any articulate sounds can be conveyed to a distance by the agency of electricity, galvanism or magnetism.

(5) "Telephone wire" includes any metallic connection between two Telephones, or between one Telephone and a Telephone Exchange.

(6) "Telephone Exchange" means any contrivance, instrument, apparatus or appliance to which two or more "Telephone wires" may be attached, and which is used for the purpose of temporarily establishing from time to time, as occasion may require a direct connection between any two of such Telephone wires, and includes a "Central Telephone Exchange" and a "District Telephone Exchange."

(7) "Central Telephone Exchange" means either the only Telephone Exchange belonging to the Licensees within the limits specified in their license, or, if more than one Telephone Exchange is established by the Licensees within those limits, the central or principal apparatus with which one or more district Telephone Exchanges may be connected.

(8) "District Telephone Exchange" means a Telephone Exchange other than a Central Telephone Exchange with which two or more subscribers' offices are connected by means of Telephone wires, and which itself is connected by means of one or more Telephone wires with a central exchange or with another district exchange.

(9) "Open Telephone Office" means any building or place in or to which may be contained or attached a Telephone which is connected by means of one or more Telephone wires with a Telephone Exchange, and which may be used by persons other than those hereinbefore described as "subscribers," for communication with subscribers, and may also be used by subscribers for communication with other subscribers.

(10) "Private Telephone wire" means a "Telephone wire" connecting the office of one person with the office of another person, or one office of a person with another office belonging to the same person, without being itself connected with a "Telephone Exchange," and

(11) A Telephone Exchange shall not be deemed to have been "established" until not less than ten companies, firms or persons have severally paid to the Licensees a sum of money in respect of the use of the Licensees' Exchange for a period of not less than twelve calendar months.

(Sd.) A. H. LEY,

Under Secretary to the Government of India,
Department of Commerce and Industry.

Dated the 9th day of February 1911.

T-1400.

26th September 1921.

To

The Under Secretary to the Government of Bombay,
Revenue Department,
BOMBAY.

Sir,

I have the honour to acknowledge the receipt of your letter No. 734-D., dated the 8th September 1921, enclosing for the information of the Chamber copy of the license granted to the Bombay Telephone Company. Looking to the present unsatisfactory service of the Bombay Telephone Company and the consequent dissatisfaction prevailing in the subscribing public of Bombay my Committee beg to submit that the Government of Bombay should in no case renew the license of the said Company without introducing therein sufficient safeguards against bad management and without affording the leading commercial Associations of Bombay an opportunity of recommending such safeguards as may be necessary for the proper, efficient and up-to-date management of the Bombay Telephone Company.

I beg, etc.,

S. M. MUZUMDAR,
Ag. Secretary.

REVENUE DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 3rd October 1921.

No. 374/D.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Subject.—Protest against the renewal of the license granted to the Bombay Telephone Company, Limited.

Sir,

With reference to your letter No. T.-1400 dated 26th September 1921, on the subject mentioned above, I am directed by the Governor in Council to state that it has been forwarded for the information of the Government of India.

I have, etc.,

SHAMRAO D. MANKAR,

Under Secretary to the Government of Bombay,

Revenue Department.

REVENUE DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 6th December 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Subject.—Telephone service in the City of Bombay.

Sir,

With reference to the correspondence ending with this Department letter No. 374/D dated 3rd October 1921, I am directed by the Governor in Council to inform you that the Government of India do not propose to

renew the license but merely refrain from exercising their option of terminating the license in 1923, provided that the Company are prepared to accept certain conditions intended to secure the efficiency of the service.

I have, etc.,

SHAMRAO D. MANKAR,
for Secretary to the Government of Bombay,
Revenue Department.

APPENDIX IXC.

Increase in the wharfage charges made by the Bombay Port Trust.

T-1578.

19th December 1921.

To

The Secretary,
Bombay Port Trust,
BOMBAY.

Sir,

The attention of my Committee is drawn to the recent inordinate increases in the wharfage charges made by the Bombay Port Trust. In this connection my Committee will feel obliged if you will supply them the following information :—

- (1) The exact amount of increases made in the existing charges together with the reasons which may be responsible for the same.
- (2) Whether the opinions of public bodies were invited by the Port Trust before effecting increases in the present charges? (a) If the reply is in the affirmative my Committee will like to know as to why were they not consulted along with other public bodies; (b) if the reply is in the negative they will further like to know as to what urgent reasons prompted the Port Trust to carry through a measure of this magnitude without consulting the general public in the matter.

- (3) Was the sanction of the Government obtained before making the increases? My Committee will also feel obliged if they are supplied with a copy of the correspondence which might have passed between the Government and the Port Trust in the matter.

I beg, etc ,

S. M. MUZUMDAR,

Ag Secretary.

BOMBAY PORT TRUST.

Secretary's Office, Ballard Road, Fort,

Bombay, 23rd December 1921.

No. P.-484.

To

The Secretary,

Indian Merchants' Chamber & Bureau,

Dear Sir,

With reference to your letter No. T/1578, dated 19th instant, regarding the increase in the Docks Scale of Rates which is to come into force from 1st January 1922, I am directed to reply as follows to your enquiries :—

- (1) The increases as sanctioned by the Board and by Government are detailed in Circulars Nos. 15 and 17, copies of which were forwarded to you for information under this office memo. No. P-4750, dated 17th instant. I am to enclose spare copies of these Circulars and a printed copy of Trustees' Resolution No. 934, dated 15th November 1921, sanctioning the increases subject to the sanction of Government.

As regards the reasons for the increases I am directed to invite attention to the preamble to Government Notification No. 182

(a) dated 12th December 1921, and published in the

Bombay Government Gazette of 15th idem and to the press communique (copy enclosed) which has already been furnished to the principal local newspapers.

- (2) The increases were decided on after most careful consideration by the Board of Trustees which, as you are aware includes representatives of the various commercial bodies, elected and appointed under the provisions of the Bombay Port Trust Act.
- (a) The procedure followed by the Board in connection with this revision of rates was the procedure adopted in all previous cases and laid down by Government in Sections 59 and 43 B of the Bombay Port Trust Act and Sections 33 and 34 of the Indian Ports Act, 1908.
- (b) The reasons for the revisions are fully stated in the Government Notification and the press note and printed proceedings referred to under (1) above.
- (3) The sanction of Government was obtained before bringing the increases into effect, vide the Government Notification referred to above.

Yours faithfully,

Illegible,

Secretary.

APPENDIX IIXC.

Customs duty on the imports of Machinery.

10th January 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Dear Sir,

We experience considerable difficulty with regard to the import of machinery, more especially electrical machinery. In the case of certain

articles imported for our Works at Jamshedpur, the Collector of Customs, Calcutta, originally assessed an *ad valorem* duty of $7\frac{1}{2}\%$ under article 72 of the schedule. A full list of articles in question is attached. We appealed to the Board of Revenue, Calcutta, on the ground that these were really component parts of the machinery and were required for operation in our Works, and so far succeeded in the case of the following articles, namely, steel castings for Blast and Open Hearth Furnaces. The Board of Revenue held that these should be treated as machinery under article 77 of the Tariff schedule and charged at $2\frac{1}{2}\%$ *ad valorem*.

With regard to the following articles, namely, Gas producing machinery and Pyrometers, the Board of Revenue returned the case to the Collector of Customs for his consideration and we have not yet been informed of the final decision.

With regard to the other articles, the Board of Revenue confirmed the assessment made by the Collector of Customs.

Against the decision of the Board of Revenue we appealed to the Government of Bengal. They have allowed our claim in respect of the two articles, namely, Annealing Boxes and Pyrometers and have confirmed the decision of the Collector of Customs and the Board of Revenue in the case of the 30 ton Track Scale.

Many similar instances are under dispute. These are chiefly electrical apparatus. We submit that the schedule should be amended so that it should be clearly defined that article 77 of the schedule covers all material of the nature of machinery which is imported for the bona fide use of plant used for manufacture, and not for sale. It is obvious that this is the original intention of the law and the entire equipment, including the necessary appliances for handling material in a factory such as at Jamshedpur should be regarded as component parts of the machinery required for the production of steel and as such should be charged at the rate of $2\frac{1}{2}\%$. We would ask that Government should be urged to accept this principle and so to amend this schedule as to provide that article 77 will cover such equipment. We understand that you are already taking up this question

with Government and shall be obliged if you will include our case in your representation.

Tata, Sons, Ltd., Agents,

Yours faithfully,

(Sd.) K. S. AIYAR,

for Director.

List showing the various articles, the Customs duty on which has been disputed.

1. Annealing Boxes. 2. 30 Ton Track scale. 3. The Steel castings: Parts of open Hearth Furnace and Tilting Furnaces. 4. Pyrometers. 5. Elevators. 6. Appliances of Elevator. 7. Reports of Gas producing machinery. 8. Gas Producing Machinery.

Bombay, 8th January 1921.

19, Bank Street, Fort,

T/414. Bombay, the 26th January 1921.

To

The Secretary,

The Commerce Department,

Government of India,

DELHI.

Sir,

The attention of my Committee is drawn to the assessment of certain articles given in Appendix A to this letter, under article 72 of the Tariff Schedule, i.e., at an *ad valorem* duty of $7\frac{1}{2}\%$ by the Collector of Customs, Calcutta. An appeal was made to the Board of Revenue, Calcutta, on the ground that these articles were really component parts of the machinery and were required for operation in the works. The Board of Revenue allowed the appeal in case of steel castings for blast and open hearth furnaces. It was held by the Board of Revenue that these should be treat-

ed as machinery under article 77 of the Tariff schedule and charged $2\frac{1}{2}\%$ *ad valorem*. An appeal was again made from this decision to the Government of Bengal, who allowed the claim in respect of two more articles, *viz*, annealing boxes and pyrometers. My Committee are informed that many similar instances are in dispute. One of the analogous instances is with regard to a recent shipment received by a local cement company. The shipment consisted of brass condenser tubes for replacing the worn-out tubes in the condenser of the boilers of the plant. These were charged at the rate of $7\frac{1}{2}\%$ on the contention that the tubes are "manufactured" and not "rolled," although it was represented to the customs authorities that the tubes were not for sale but for use as part of the machinery (condensers) and that therefore duty should be charged at $2\frac{1}{2}\%$. The Company also offered to file a declaration to the effect that these were for bona fide use by it as a part of machinery but such declaration was not accepted and duty was charged at $7\frac{1}{2}\%$.

With regard to this Cement Company very large quantities of what are known as "Cylpebs" which are pieces of hardened steel used in cement manufacturing machinery for grinding the raw materials and the clinker were charged at a higher rate.

My Committee beg to submit that the Tariff schedule should be amended, so that it should be clearly defined that article 77 of the schedule covers all material of the nature of machinery which is imported for the bona fide use of the plant and not for sale. My Committee presume that this was the original object of the law and the entire equipment including the necessary appliances for handling material in a factory should be regarded as component parts of the machinery and charged at the rate of $2\frac{1}{2}\%$.

In this connection my Committee also beg to bring to your notice an instance of assessment of $7\frac{1}{2}\%$ duty on the knitting needles imported by the Gujarat Hosiery Factory. It appears that a duty of $7\frac{1}{2}\%$ is levied on knitting needles used for hand machinery, while a duty of $2\frac{1}{2}\%$ only is levied on needles used in power factories. The Gujarat Hosiery Factory is worked by power and the proprietor is prepared to sign an affidavit de-

claring that his needles will be used only for a power factory. Notwithstanding this the Collector of Customs said in an interview which the Secretary of the Chamber had with him that he was powerless to do anything in the matter under the law as it stood at present. My Committee beg to suggest that Government will be pleased to issue orders to the effect that if the importer is prepared to sign a declaration that the needles will be used for power machines only he should be charged 2½%. Hosiery Industry is one of the new industries of this country and any help the Government can give to it in this manner suggested will be much appreciated.

I beg, etc.,

J. K. MEHTA.

Secretary.

T/436 of 1921.

Bombay, the 28th January 1921.

Copy forwarded to Messrs. Tata Iron & Steel Co., Ltd., Bombay, for information.

J. K. MEHTA,

Secretary,

Indian Merchants' Chamber and Bureau.

Copy.

APPENDIX A.

List showing the various articles, the Customs duty on which has been disputed.

1. Annealing Boxes. 2. 30 Ton Track scale. 3. The Steel castings : Parts of open Hearth Furnace and Tilting Furnaces. 4. Pyrometers. 5. Elevators. 6. Appliances of Elevator. 7. Reports of Gas producing machinery. 8. Gas Producing Machinery.

Bombay, 8th January 1921.

No. G.-361-21.

To

The Secretary,

The Indian Merchants' Chamber & Bureau,

B O M B A Y.

28th February 1921.

Dear Sir,

In continuation of our letter No. G. 41/27, dated the 8th/10th January last, we wish to bring to your notice some further difficulties which we have been experiencing with the Customs authorities at Calcutta with regard to electrical equipment, a list whereof is attached hereto, imported by us for our Works at Jamshedpur.

2. The Customs authorities claimed to charge an import duty of $7\frac{1}{2}$ per cent. *ad valorem* on this material, their contention being that it came within Artical 72, 'All other sorts of Implements, Instruments, Apparatus & Applicances and parts thereof not otherwise specified'—of the Tariff Schedule. We therefore made a representation to the Collector of Customs that this material should be allowed to come in at an import duty of $2\frac{1}{2}$ per cent. under Article 77, i. e., under Machinery and component parts, as the articles in question were absolutely indispensable for the proper working of the machinery and thus formed 'Component parts' of Machinery. The Collector of Customs by his letter No. 671 of 9th April 1919 replied that he was not empowered to construe the Tariff otherwise than literally and he could not therefore apply the $2\frac{1}{2}$ per cent. rate of duty to material for manufacturing plant except when such material consisted strictly of component parts of machinery as defined in the tariff. He contended that a large quantity of electrical apparatus did not fall under the definition of "Component parts" although it was essential to the proper working of electrical machinery and he stated that in the case of Switchboards, which was one of the items in dispute, it had already been expressly ruled by the Government of India that these articles were not component parts of machinery in the sense in which the expression

"Component parts" was used for 'tariff purposes, and that our plea for special treatment was one for the Government of India to decide.

3. We therefore made a representation to the Government of India in June 1919, suggesting that in view of the necessity of encouraging Works, such as ours, the Government of India should admit electrical equipment at a lower rate of Customs duty by allowing it to be classified under Article 77 of the Import Tariff Schedule as "Machinery and component parts" thereof, and maintaining that the Customs authorities were not correct in classifying the electrical equipment in question under Article 72 of the Tariff Schedule, (viz. All other sorts of Implements, Instruments, Apparatus and Appliances and parts thereof not otherwise specified) instead of under Article 77.

4. In reply to our said representation, we received a letter from the Under Secretary to Government of India, No. 6676 of the 28th August 1919, which runs as follows :—

"In reply, I am to say that under the law as it stands at present only such articles can be admitted as component parts of machinery as are indispensable for the working of the machinery and are owing to their shape and quality not adapted to any other purpose. If, therefore, the electrical equipment imported by you does not satisfy the above test the Government of India regret that they cannot alter its classification under Article 77 as suggested by you. If, however, you desire to challenge the decision of the Customs authorities in assessing these articles to duty under Article 72 it is open to you to lodge an appeal against their decision in accordance with the procedure laid down under section 188 and section 191 of the Sea Customs Act."

5. Therefore when our next lot of electrical equipment (*i. e.*, the articles specified in the list attached hereto) was assessed to duty at 7½ per cent. by the Collector of Customs under Article 72 we appealed against his decision to the Board of Revenue under section 188 of the Sea Customs Act, contending that the equipment should be classified under Article

77. The Board, however, instead of deciding the case on its merits, decided as follows :—

“The Board finds that this question was decided in 1908 by a ruling of the Government of India on a reference from the Government of Burma to the effect that Switch boards and Transformers are not component parts of machinery, in the same sense in which the expression component is used for tariff purposes. The Board must therefore hold that the electrical appliances to which the present appeal relates are subject to import duty at $7\frac{1}{2}$ per cent. *ad valorem*.”

We contended that no ruling of the Government of India was binding on the Revenue Board sitting as a Court of Appeal under the provisions of the Sea Customs Act and that any ruling of the Government of India on the subject was *ultra vires* but without any result. We have now appealed to the Government of Bengal under section 191 of the Sea Customs Act but the appeal has not yet been heard.

6. In another case, we argued before the Collector of Customs that Band Saws ought to be admitted at $2\frac{1}{2}$ per cent. import duty because Circular Saws were admitted at $2\frac{1}{2}$ per cent. The Collector of Customs, however, assessed the Band saws to duty at $7\frac{1}{2}$ per cent. his reasons being that a distinction could be drawn between Circular saws and Band saws, in that the former were imported ready to go into place in the machine for which they are designed, while the latter are imported in rolls and before they can be fitted into the machine for which they are intended have to be adapted. This decision of the Collector was confirmed by the Board of Revenue and is now under appeal to the Government of Bengal. Having regard to the test laid down by the Collector and Board of Revenue in the case of the Band saws as to what constitutes component part, we argued before the Collector that Twist Drills which were assessed to duty at $7\frac{1}{2}$ per cent. should be assessed at $2\frac{1}{2}$ per cent. as the Twist Drills complied exactly with the test he laid down for Circular Saws and that Twist Drills were as much a part of the Drilling Machine as a Circular Saw is of a Sawing Machine. The Collector has replied in his letter of the 3rd

January 1921 to the effect that Twist Drills have been ruled by Government of India to be liable to duty at $7\frac{1}{2}$ per cent. and their assessment is correct.

7. From the above you will see that in seeking the relief, which we claim we are entitled to, we are referred by the Executive to the Government of India and by the Government of India we are referred back to the Executive who now confront us with the same ruling of the Government of India against which the Government of India themselves say, we have a right of appeal. From this state of affairs you will see how necessary it is that the Tariff Schedule should be immediately amended as suggested in our letter to you dated the 8th/10th January last. We would also point out that the Revenue Courts, although the Government of India point out that we have a right of appeal, refuse to entertain such appeal on the ground that they are bound by decisions of the Government of India. We cannot ourselves see how the Government of India acting in an executive capacity can by any such ruling bind a Revenue Court and we think that attention should be drawn to the confusion arising from such decisions.

Yours faithfully,

Tata Sons, Ltd., Agents,
Their Constituted Attorney.

(Sd.) K. S. AIYAR,

LIST OF ELECTRICAL EQUIPMENT.

1. Rheotates. 2. Switches for Power House use. 3. Control Panel & Automatic Starter Slotting Machine Motor. 4. Transformers for Merchant Mill. 5. Control Equipment & Motors for a Power Sub-Station. 6. Switch fuses.

THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Bombay, 11th March 1921.

No. T. 599.

To

Messrs. Tata Sons, Limited.,
BOMBAY.

Dear Sirs,

With reference to your letter No. G. 361/21, dated 2nd instant, I beg to inform you that a copy of it is sent to the Secretary to the Government of India, Department of Commerce, Delhi, in continuation of my letter No. T/414, dated 26th January 1921.

Yours faithfully,

J. K. MEHTA,
Secretary.

No. 2326.

Government of India, Department of Commerce,

Delhi, the 14th March 1921.

To

The Secretary,
Indian Merchants' Chamber and Bureau, BOMBAY.

Sir,

I am directed to refer to your letter No. T/414, dated the 26th January 1921, regarding the assessment to customs duty of articles of machinery. You suggest that the Tariff Schedule should be amended so as to make it clear that all material and stores which are *prima facie* intended for use as component and necessary parts of machinery are liable to a lower rate of duty under the Tariff. You contend that this was the original intention of the legislature and that the entire equipment including

the necessary appliances for handling material in a factory should be regarded as component parts of machinery and charged at the rate of $2\frac{1}{2}\%$.

2. In reply, I am to point out that it was never the intention to tax or exempt any component part of machinery according to the purpose for which each particular importer intended to use it; the two criteria are first that it should be indispensable for the working of the machinery and secondly that it should not be adaptable to any other purpose. The definition of component parts of machinery was considered by the Select Committee on the Tariff Amendment Bill of 1894 (afterwards Act XVI of 1894), but it was found impossible to formulate a definition which would be sufficiently inclusive and exclusive. Accordingly, a description indicative of the general sense in which the term was to be interpreted was added to the fourth Schedule (now Schedule II) of the Act and this has been supplemented by rulings of the Government of India in particular cases. The decision in each case depends upon a question of fact, and it would be impossible to accept statements made by importers that the material and stores imported by them were intended and necessary for machinery. Such a statement might not be inconsistent with the adaptability of the articles in question to other uses and would result in the extension of the exemption beyond the limits intended by the Government of India. For these reasons, the Government of India regret that they are unable to give effect to your suggestion.

3. With regard to the particular cases mentioned in your letter, I am to say that it is open to the importers concerned to have recourse to the procedure laid down in sections 188 and 191 of the Sea Customs Act, if they are dissatisfied with the decision of the Collector of Customs and think that they can prove that the articles in question are indispensable for the working of the machinery and are, owing to their shape or other special quality, not adapted to any other purposes.

I have, &c.,

J. G. Beazley,

Deputy Secretary to the Government of India.

APPENDIX VIIC.

Proposed transfer of Aden to the Colonial Office.

T.-628.

17th March 1921.

To

The Secretary to the Government of India,
Foreign Department,
DELHI.

Sir,

It has come to the notice of this Chamber that Aden is to be transferred from India to the Colonial Office. The local Colonial Merchants' Association has also sent a telegram of protest to the Government of India, a copy of which they have sent to my Committee. My Committee will be much obliged if you will kindly let them know if it is a fact that Aden is to be transferred to the Colonial Office, in which case my Committee beg to raise a strong and emphatic protest. The Times of India Year Book observes in its issue of 1920 that the Aden Settlement was until 1918 subject politically to the Government of Bombay, but it has now been handed over to the Foreign Office. Any elucidation of the present position of Aden will be much appreciated.

I beg, etc.,

J. K. MEHTA,
Secretary.

No. 479-E. B.

To

J. K. MEHTA, Esquire, M. A.,
Secretary,
The Indian Merchants' Chamber and Bureau,
BOMBAY.

Dated Delhi, the 5th April 1921.

Sir,

With reference to your letter No. T.-628, dated the 17th March 1921, I am directed to state that the question of the transfer of Aden to

the Colonial Office is at present under discussion and to forward for the information of your Chamber a copy of a question which was asked by the Hon'ble Mr. Bhurgri at a meeting of the Council of State on the 26th March 1921, and of the reply returned by the Foreign Secretary to the Government of India, from which it will be seen that the Government of India have made it an absolute condition of their assent to the transfer that it shall no way impair the interests and status of Indians who shall receive precisely the same treatment as that accorded to the other subjects of His Majesty the King Emperor.

I have, etc.,

Illegible.

Deputy Secretary to the Government of India.

Meeting of Council of State of the 26th March 1921.

Question by the Hon'ble Mr. Bhurgri :

Will Government be pleased to state—

- (a) if the question of the transfer of Aden to the Colonial Office is under their consideration;
 - (b) if so, do they propose to give an opportunity to the Council of State and the Assembly to express their opinions before Government come to any decision in the matter; if so, when ?
 - (c) whether they will lay on the table the correspondence between Secretary of State and Government of India on the question ;
 - (d) if not, will they make a statement showing on what considerations the proposed transfer is asked for ?
-

Answer by the Hon'ble Mr. Denys Bray:

(a) Yes.

(b) Government would have welcomed an expression of the opinions of the Council of State and Legislative Assembly on the proposed transfer of Aden to the Colonial Office. I would remind the Hon'ble Member that the proposal has long been a matter of common knowledge—it was indeed endorsed unanimously by the Aden Chamber of Commerce as far back as the 19th January 1920—and it has been open to any Hon'ble Member to raise a discussion on it by means of a resolution at any stage in the Sessions. At the same time I hope that the statement I am about to make will fully meet the Hon'ble Members.

(c) The whole question, including the future incidence of expenditure is still under discussion and the correspondence cannot be laid on the table at present.

(d) It is essential to remember that the station of Aden is only one element in the problem. Aden is not merely a town, in the development of which Indians have played a great part and to which they contribute about a fourth of the population. It is a vital strategical point that requires a large garrison, and an important political centre, which involves complex relations with the Arab tribes in the Aden Protectorate and with the Foreign Powers with interests in the Red Sea. These military and political arrangements entail heavy expenditure, and though the affairs of the Protectorate are shaped by international policy with which India has no direct concern, the administration of Aden has been a serious burden on the Indian taxpayer.

The proposal to shift the responsibility for Aden from India was first mooted in 1861 and has been often raised since. Under the stress of the Great War the old system finally broke down. The military operations were placed under the War Office; the political control was transferred to the Foreign Office; only the parochial administration of the Station of Aden itself was left with the Government of India.

Such a division of control, justifiable as a war makeshift, involves a serious sacrifice of both efficiency and economy; and the present proposal is to relieve India of the whole of her responsibilities in this little corner of Southern Arabia. The Government of India hope to secure under it a substantial relief for the Indian taxpayer, and to further the interests of the inhabitants of the Aden settlement itself. In their resolution of January 1920, the Aden Chamber of Commerce expressed "its earnest desire that Aden should be placed under the British Colonial Office..... which it is believed would be conducive to the expansion of Aden trade.....and to the welfare of its inhabitants." True, unanimous though this Resolution was, some of the Indians who then associated themselves with it are now protesting against the transfer, apprehensive apparently of some impairment of their interests under it. But the Government of India have throughout made it an absolute condition of their assent to the transfer that it shall in no way impair the interests and status of Indians, who shall receive precisely the same treatment as that accorded to the other subjects of His Majesty. This stipulation His Majesty's Government have accepted unreservedly.

T-851.

2nd May 1921.

To

The Deputy Secretary to the Government of India,
Foreign and Political Department,
SIMLA.

Sir,

I am directed to acknowledge receipt of your letter of the 5th ultimo No. 479-E. B.

My Committee regret that their experience with regard to the position of Indians in British colonies and declarations of the Government made time after time with reference to the same is so disappointing that they cannot derive any satisfaction from the statement made in the letter under consideration that the transfer "shall in no way impair the interests and status

of Indians who shall receive precisely the same treatment as that accorded to the other subjects of His Majesty the King Emperor."

It may be mentioned here that the support of the Aden Chamber of Commerce to the proposal cannot in any way be construed into being a popular support as this Chamber is almost wholly European in its personnel.

My Committee are still of opinion that the proposal for the transfer of Aden to the Colonial Office is fraught with a grave menace to the Indian Commercial Community there and that sufficient care has not been taken to ascertain Indian public opinion before the important step was decided upon.

It is observed in the reply given to the Hon'ble Mr. Bhurgri in the Council of State that "the administration of Aden has been a serious burden on the Indian Tax-payer." and "that the Government of India hope to secure under it (transfer) a substantial relief for the Indian Tax-payer." If it is a question merely of cost my Committee beg to suggest that whatever loss there is to the Indian tax-payer should be compensated by the War Office which is naturally interested in strengthening the strategic position of Aden as much as possible.

I beg, etc.,
J. K. MEHTA,
Secretary.

APPENDIX VIC.

Chamber's representation on the Bombay Municipal Corporation.

T-1234.

To

11th August 1921.

The Secretary to the Government of Bombay,
Department of Local Self-Government,

BOMBAY.

Sir,

The attention of the Committee of this Chamber is drawn to the proposal to introduce a Bill in the Local Legislative Council further to amend

the City of Bombay Municipal Act, 1888. My Committee are informed that under the Bill the Bombay Municipal Corporation shall consist of one hundred councillors, of whom there shall be twenty councillors appointed by Government and in part elected by such Associations or bodies, electing such member or members, as Government may determine.

My Committee beg to request the Government of Bombay to be pleased to arrange for an adequate representation of this Chamber on the new Municipal Corporation. This Chamber enjoys at present the following privileges :—

- (a) Electing a Member to the Indian Legislative Assembly. (b) Electing a Member to the Bombay Legislative Council.
- (c) Returning a representative on the Board of the Bombay Port Trust every two years. (d) Having a representative on the Advisory Board of the Director of Industries.
- (e) Having a representative on the Advisory Committee of the Development Department. (f) Having a representative on the Central Cotton Committee.

The interests of the Indian commercial community are vitally connected with the Municipal Corporation and it is hoped that this Chamber as representing Indian Commercial interests will be given adequate representation proportionate to these large interests.

I beg, etc.,

J. K. MEHTA,
Secretary.

No. 589-G.

GENERAL DEPARTMENT.

Secretariat, Fort, Bombay.

Dated the 7th September 1921.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

*Subject :—*Representation of the Indian Merchants' Chamber and Bureau
on the Bombay Municipal Corporation.

Sir,

In reply to your letter No. T.-1234, dated the 11th August 1921, requesting that your Chamber may be adequately represented on the new Municipal Corporation, I am directed to say that Government will give their consideration to the proposal, when the Bill further to amend the Bombay Municipal Act, which the Corporation is still considering, becomes law.

I have, etc.,

S. N. ZIMAN,

Deputy Secretary to the Government of Bombay,
General Department.



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